



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: 868 4448 6585  
Passcode: 643032  
or Via Computer:  
<https://dwa-org.zoom.us/j/86844486585?pwd=WtVtWm5yVpytXFsGtWqONZGaGkbl.1>  
Meeting ID: 868 4448 6585

*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](mailto: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: 868 4448 6585  
código de acceso: 643032  
o a través de la computadora:  
<https://dwa-org.zoom.us/j/86844486585?pwd=WtVtWm5yVpytXFsGtWqONZGaGkbl.1>  
ID de reunión: 868 4448 6585

*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](mailto: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 estás 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. Receive and File – Memo on November 16, 2023 State Water Contractors' Meeting
- B. Receive and File – Minutes of the December 4, 2023 Finance Committee Meeting
- C. Approve Minutes of the December 5, 2023 Regular Board Meeting
- D. Receive and File – Minutes of the December 12, 2023 Executive Committee Meeting
- E. Receive and File – November Outreach & Conservation Activities & Events
- F. Request Authorization to Continue Emergency Repair Work at DWA Facilities Under Resolution No. 1312

**6. ACTION ITEMS:**

- |  |         |
|--|---------|
| A. Request Board Action on Customer Appeal - Moises De La Torre  | JOHNSON |
| B. Request Acceptance of Vasquez & Company LLP Annual Audit Report for 2022-2023   | SAENZ   |
| C. Request Approval of Procurement Policy  | SAENZ   |
| D. Request Authorization for Finance Director to Execute Required Documentation to Apply for and Administer Funding from the State Water Board Associated with the California Extended Water and Wastewater Arrearage Payment Program on Behalf of Desert Water Agency | SAENZ   |
| E. Request Approval for Budget Augmentation and Approval of Revised Classification and Salary Chart Effective January 1, 2024  | HOPPING |
| F. Request Approval to Award 2021/2022 Pipeline Replacement Project  | TATE    |
| G. Request Authorization for General Manager to Enter into License Agreement with the Department of Water Resources for Construction, Installation, Operation & Maintenance of Water Quality Monitoring Wells on Two DWA-Owned Properties                              | RAPOLLA |
| H. Request Approval to File Notice of Exemption for Drilling, Equipping and Maintaining Water Quality Monitoring Wells on two DWA-Owned Properties   | RAPOLLA |

**7. GENERAL MANAGER'S REPORT**

JOHNSON

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

**9. DIRECTORS COMMENTS/REQUESTS**

**10. CLOSED SESSION**

- A. 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
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Pursuant to Government Code Section 54956.9 (d) (1)  
Name of Case: AT&T vs. County of Riverside
- C. CONFERENCE WITH LEGAL COUNSEL – POSSIBLE INTERVENTION IN EXISTING LITIGATION  
Pursuant to Government Code Section 54956.9 (d) (4)  
Name of Case: Southern California Edison vs. California State Board of Equalization, et al  
One Case
- D. 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

**11. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION**

**12. 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](http://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

STATE WATER CONTRACTORS MEETING

November 16, 2023

**I. ENERGY OBJECTIVES UPDATE**

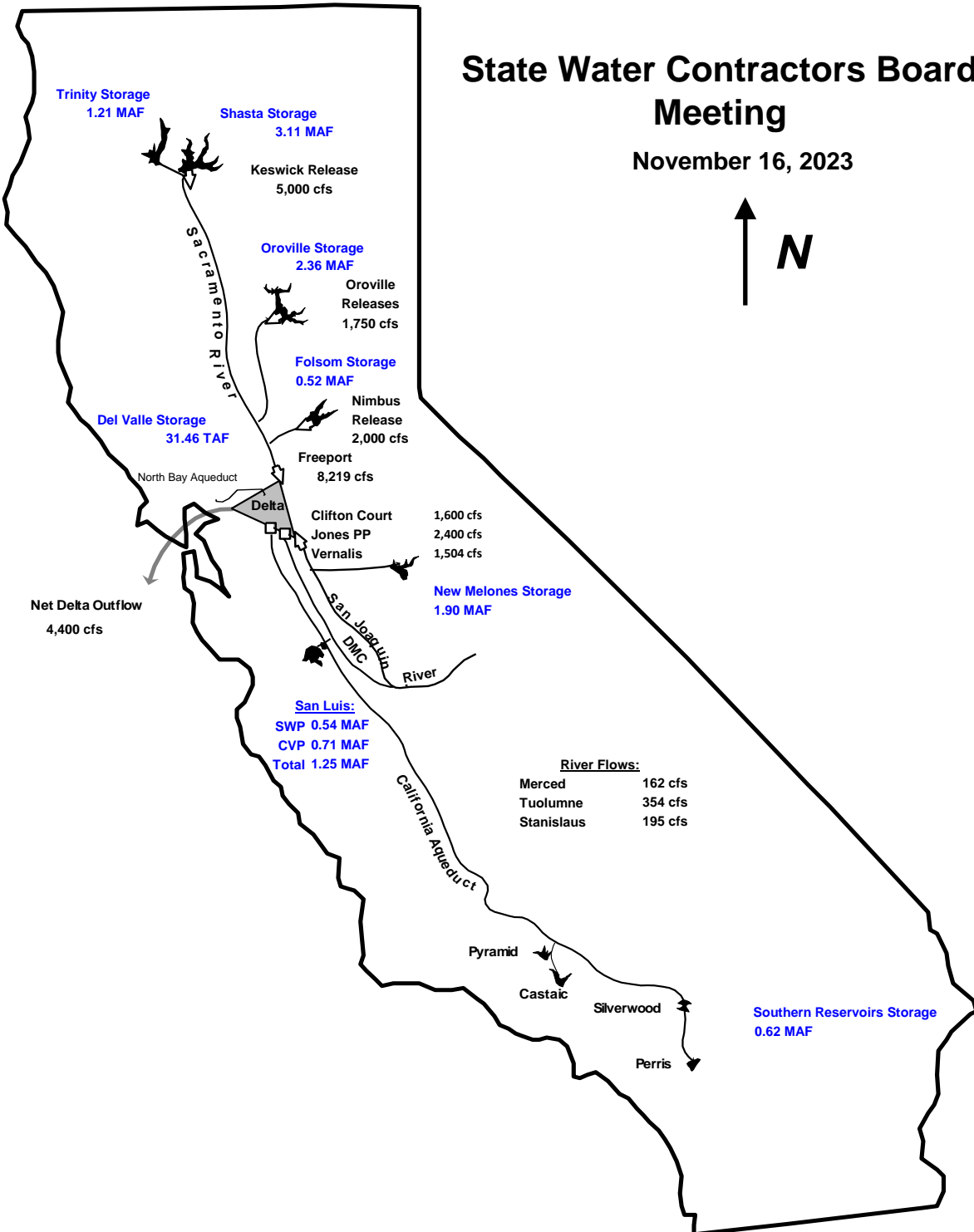
- (a) SB 49 Flexible Resources Study
  - Was due in July 2021 but there have been delays
  - Report is expected to go to Governor in January, then to Legislature
  - Pumpback from Thermolito Afterbay to Lake Oroville still being studied
  - Revisions being made to original version of energy roadmap
  - Still study connecting Devil Canyon power plant to Pearblossom pumping station
  - Other “behind the meter” energy generation still being considered as well
- (b) Funding Issues
  - Budget shortfall this year, will need to cut back on bond measures
  - Pursuing federal funding opportunities
  - DWR applied to DOE for 4 small projects totaling \$30 million so far
- (c) Energy Forecasting Model
  - To forecast increases in energy costs (expected to go up significantly)
- (d) Relicensing of SWP facilities
  - Relicensing of Oroville “stuck in neutral”
  - Relicensing of southern facilities progressing much better

**II. SWP WATER SUPPLY**

- (a) Outlook
  - 8 to 14 day outlook was for below average precipitation
  - Seasonal outlook updated to above average precipitation
  - Precipitation thus far below average
  - Seasonal temperatures expected to be above average
- (b) Storage
  - Most of state’s reservoirs at or above average
  - Storage space is available to accommodate storms if they occur
  - SWP releases were at a minimum to conserve water supply
  - Delta exports were at 1,500 cfs
  - SWP share of water in San Luis Reservoir was at 531,000 AF
- (c) Initial Allocation of SWP Water
  - December 1 allocation was 10%

# State Water Contractors Board Meeting

November 16, 2023



# Precipitation Outlooks



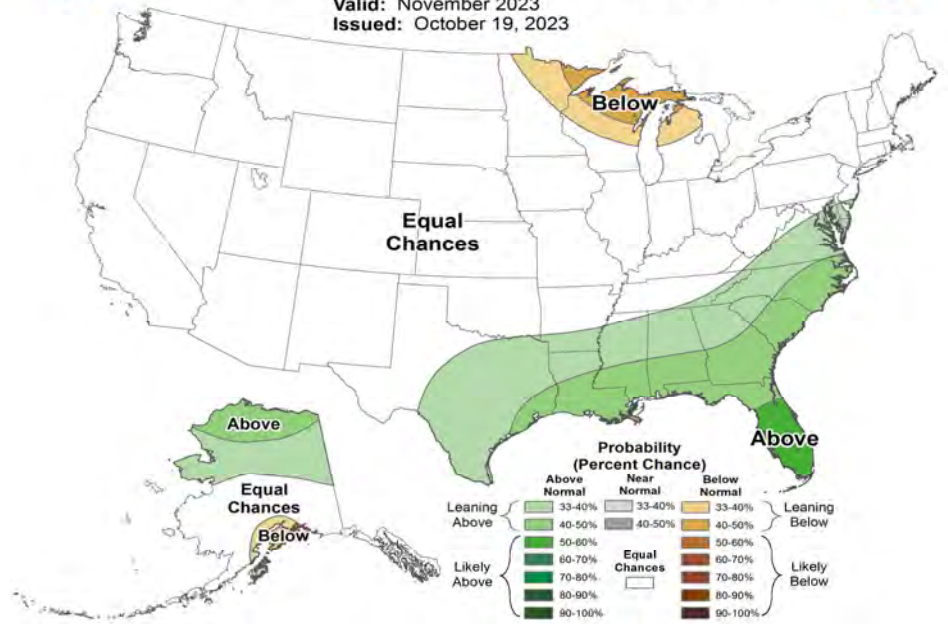
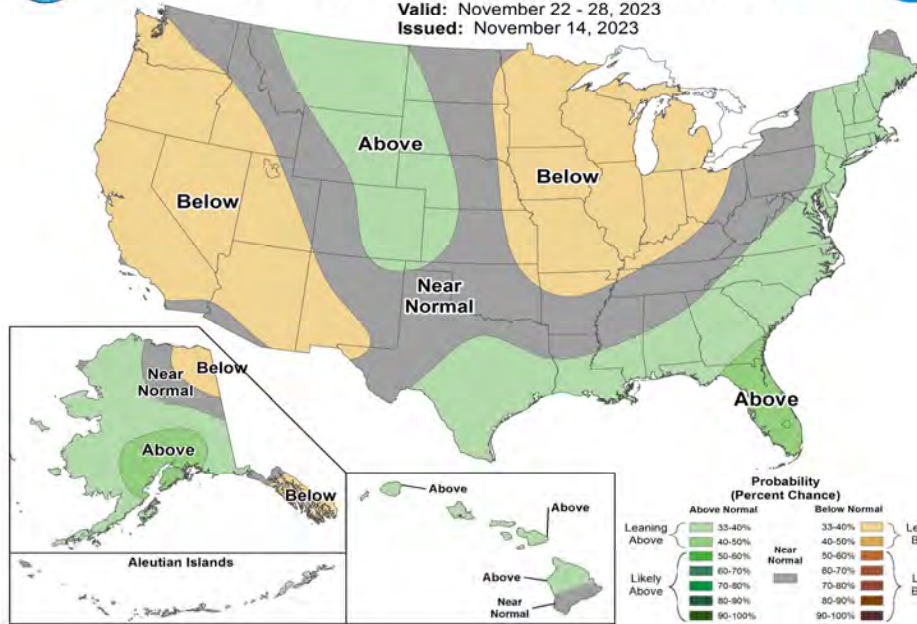
## 8-14 Day Precipitation Outlook

Valid: November 22 - 28, 2023  
Issued: November 14, 2023



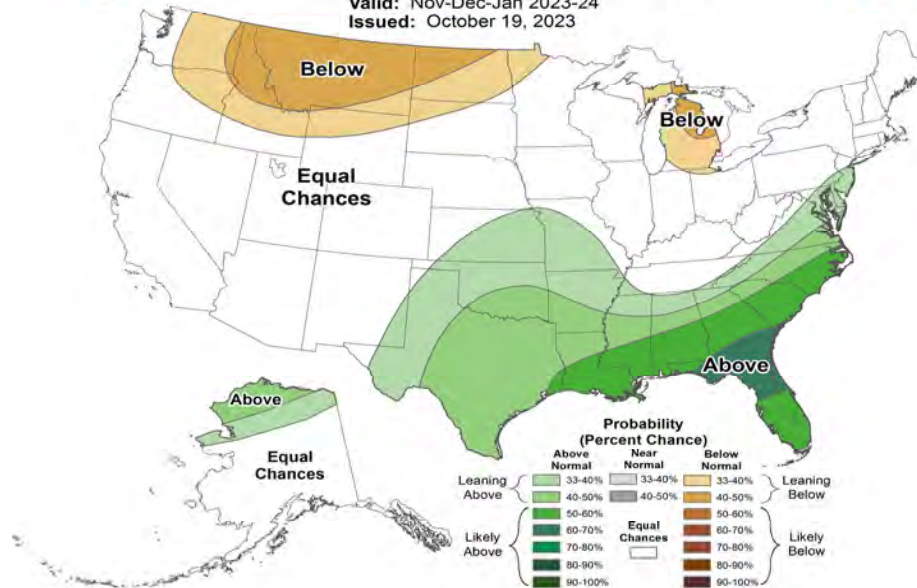
## Monthly Precipitation Outlook

Valid: November 2023  
Issued: October 19, 2023



## Seasonal Precipitation Outlook

Valid: Nov-Dec-Jan 2023-24  
Issued: October 19, 2023

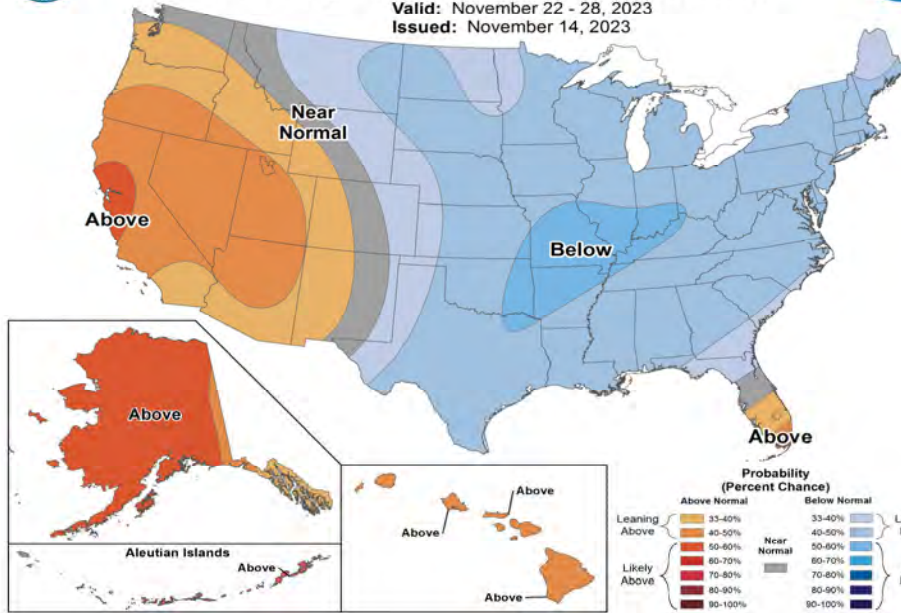


# Temperature Outlooks



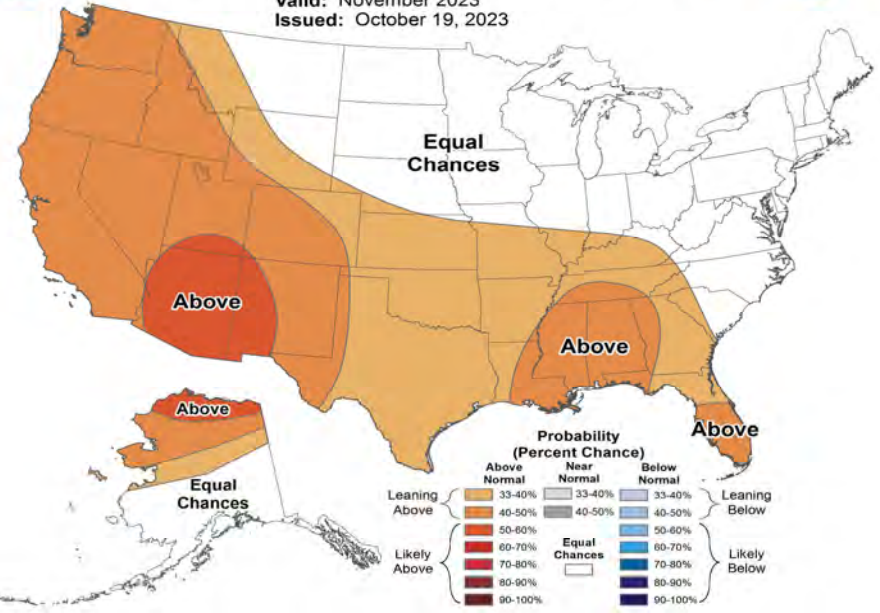
## 8-14 Day Temperature Outlook

Valid: November 22 - 28, 2023  
Issued: November 14, 2023



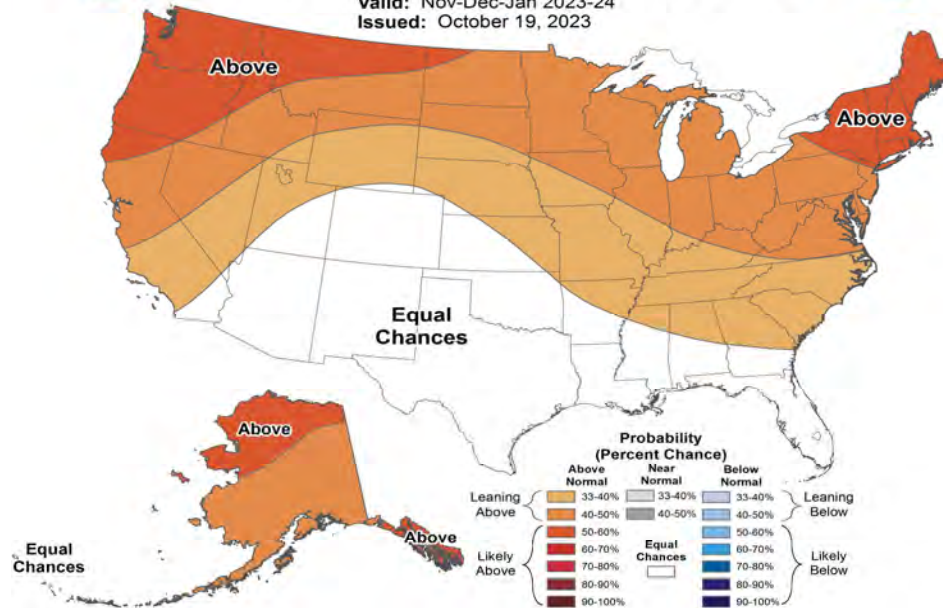
## Monthly Temperature Outlook

Valid: November 2023  
Issued: October 19, 2023



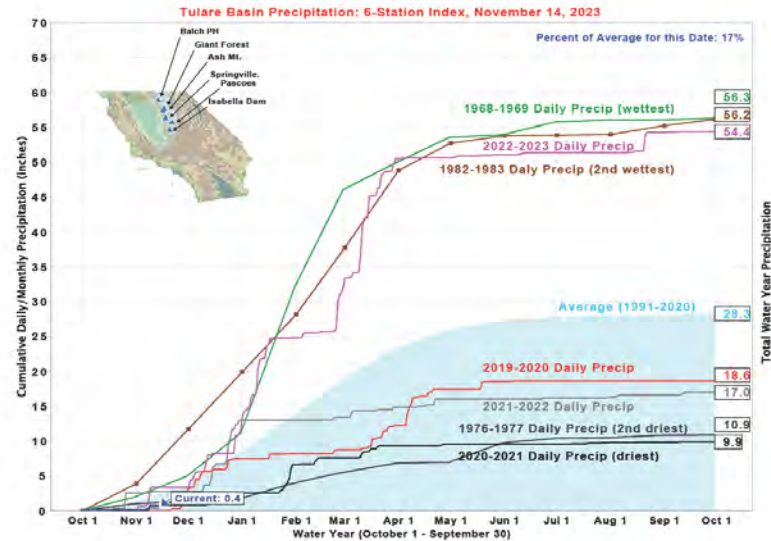
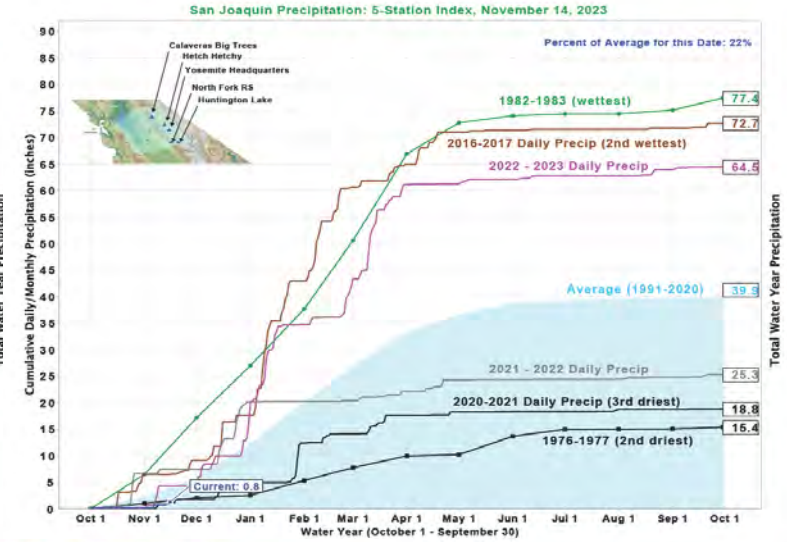
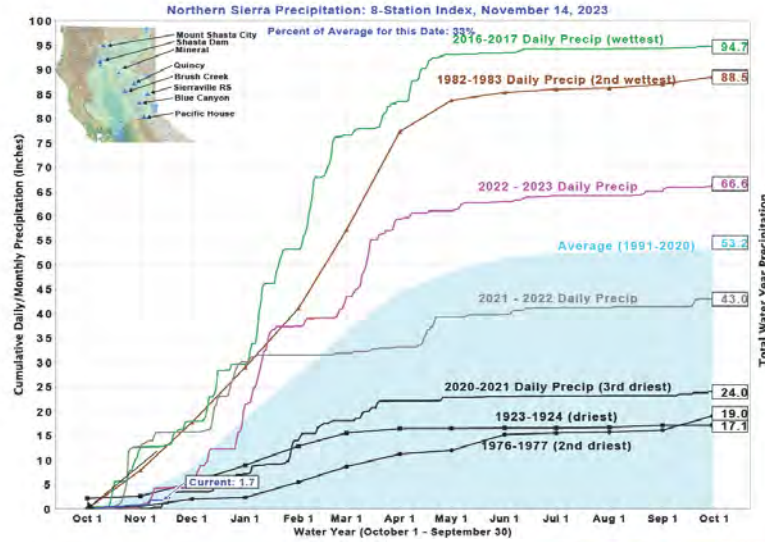
## Seasonal Temperature Outlook

Valid: Nov-Dec-Jan 2023-24  
Issued: October 19, 2023



# Statewide Precipitation Conditions as of 11/15/2023

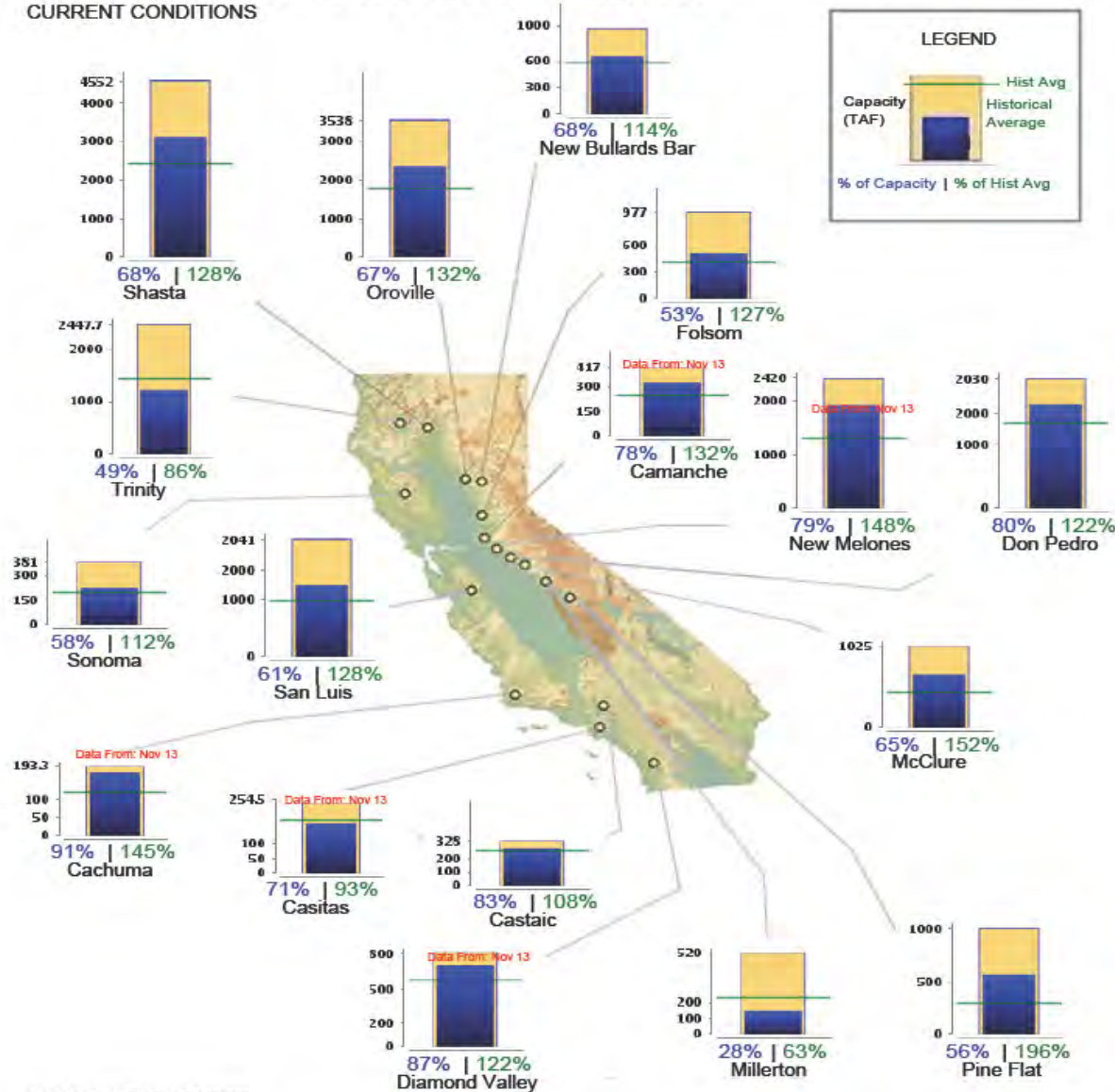
	Northern Sierra 8-Station Index inches (%)	San Joaquin 5-Station Index inches (%)	Tulare Lake 6-Station Index inches (%)
October	0.8" (28%)	0.2" (9%)	0.2" (16%)
November	0.9" (16%)	0.6" (16%)	0.2" (7%)
December			
January			
February			
March			
April			
May			
June			
July			
August			
September			
Season-to-Date	1.7" (32%)	0.8" (21%)	0.4" (16%)
WY Average	53.2" (3%)	40.0" (2%)	29.3" (4%)





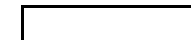
## CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS CURRENT CONDITIONS

Midnight - November 14, 2023



Updated 11/15/2023 07:18 AM

	Storage (TAF)	% Average
Shasta	3,112	128%
Oroville	2,362	132%
Folsom	516	127%
San Luis	1,252	128%



**Finance Committee Meeting**  
December 4, 2023

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Directors Present: Gerald McKenna, Kristin Bloomer

Staff Present: Mark Krause, Steve Johnson, Esther Saenz

Call to Order

1. Public Comments - None

2. Discussion Items

A. Review Draft Procurement Policy

The Committee and staff reviewed the proposed procurement policy. The Committee expressed support to present the draft policy to the full Board for approval.

B. Review Financial Impacts of Proposed Benefit Package Enhancements

The Committee and staff reviewed the financial impacts for the proposed retiree medical benefits plan for employees hired after May 1, 2007. The Committee provided guidance on the level of benefits that may be discussed with the Desert Water Agency Employee's Association.

C. Review Budgetary Impacts of Proposed Staffing Changes

The Committee and staff discussed the budgetary impacts of the proposed revisions to the salary and classification chart that have been proposed to take effect on January 1, 2024. The Committee expressed support to present the recommended changes to the full Board for approval.

Adjourn

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

**5-C**

**December 5, 2023**

Board: Paul Ortega, President  
Jeff Bowman, Vice President  
Kristin Bloomer, Director  
Gerald McKenna, Secretary-Treasurer  
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. Assistant  
David Tate, Operations & Engineering Manager  
Melinda Weinrich, Outreach & Conserv. Mgr.

Consultants: Michael T. Riddell, Best Best & Krieger

President Ortega opened the meeting at 8:00 a.m. and asked Director Grasha to lead 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-D 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 November 21, 2023 Regular Board Meeting
- B. Receive and File – Minutes of the November 28, 2023 Human Resources Committee Meeting
- C. Receive and File – Minutes of the November 30, 2023 Executive Committee Meeting
- D. Receive and File – October Water Use Reduction Figures

**Approval of the  
Consent Calendar**

- A. Approve Minutes of the 11/21/23 Regular Board Meeting
- B. Receive & File Minutes of 11/28/23 HR Comm. Mtg.
- C. Receive & File Minutes of 11/30/23 Executive Committee Meeting
- D. Receive & File October Water Use Reduction Figures

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

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

Assistant General Manager Johnson presented the staff report.

In response to President Ortega, Assistant General Manager Johnson stated that he will look into tours of the Metropolitan Water District's aqueduct during the annual shutdown.

**Action Item:**

Request Authorization to Continue Emergency Repair Work at DWA Facilities

Director Grasha made a motion, as required by Resolution No. 1312, the Board's concurrence that the continued work to repair Agency facilities shall occur under the Board's declaration of a Local Emergency. After a second by Secretary-Treasurer McKenna, the motion carried by the following roll call vote:

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

Assistant General Manager Johnson presented the staff report.

**Action Item:**

(Cont.)  
Request Approval of  
Notice of Exemption  
for Regional Grass  
Replacement Projects

Vice President Bowman made a motion to authorize filing the CEQA Notice of Exemption for the Regional Grass Replacement Program, Mission Springs Water District Demonstration Garden, and Regional Conservation Study Project. After a second by Director Bloomer, the motion carried by the following roll call vote:

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

Assistant General Manager Johnson presented the staff report.

Request Approval of  
Tenth Amendment to  
Tolling & Waiver  
Agreement

Discussion ensued between Assistant General Manager Johnson, Legal Counsel, and President Ortega regarding the extended time frame of 2 ½ years and if that is the standard time, and how it impacts the Agency.

Director Grasha made a motion to authorize the General Manager to Execute the Tenth Amendment to the Tolling and Waiver Agreement with the Department of Water Resources. After a second by Director Bloomer, the motion carried by the following roll call vote:

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

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

Secretary-Treasurer's  
Report for (October  
2023)

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

General Manager's  
Report

Director Grasha noted his attendance at the November 28-30 AWCA Fall Conference, and November 28 CVWD Board meeting.

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

Director Bloomer noted her attendance at the November 27 ACWA JPIA Board meeting, and the November 28-30 ACWA Fall conference.

Secretary-Treasurer McKenna noted his attendance at the November 29-30 ACWA Fall Conference.

Vice President Bowman noted his attendance at the November 28-30 ACWA Fall conference

President Ortega noted his attendance at the November 28-30 ACWA Fall conference

Director Grasha noted that ACWA conferences are available by recording, for registered attendees. He went on to comment on Proposition 218, and how it affects the community.

**Directors  
Comments/Requests**

Secretary-Treasurer McKenna noted his concern on the excessive amount of non-functional turf in Indian Wells while at the ACWA conference.

Vice President Bowman noted a presentation he put together in the years past, on the aqueduct called “The Hidden Waters of Desert Hot Springs” on YouTube.

President Ortega commented on Secretary-Treasurer McKenna’s concern on non-functional turf, and whether it is based on non-potable water.

At 9:10 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), Mission Springs Water District vs. Desert Water Agency; (B) Existing Litigation, Pursuant to Government Code Section 54956.9 (d) (1), AT&T vs. County of Riverside; (C) Conference with Legal Counsel, Possible Intervention in Existing Litigation, Pursuant to Government Code Section 54956.9 (d) (4), Southern California Edison vs. California State Board of Equalization, et al; and (D) 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).

**Closed Session:**

- A. Existing Litigation – MSWD vs. DWA, et al
- B. Existing Litigation - AT&T vs. County of Riverside
- C. Possible Intervention in Existing Litigation – So. Cal. Edison vs. CA State Board of Equalization, et al
- D. Existing Litigation – ACBCI vs. CVWD, et al. (2 Cases)

At 9:28 a.m., President Ortega reconvened the meeting into open session and announced there was no reportable action.

**Reconvene – No  
Reportable Action**

In the absence of any further business, President Ortega adjourned the meeting at 9:29 a.m.

**Adjournment**

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Sylvia Baca, MMC  
Assistant Secretary of the Board

**Executive Committee Meeting Minutes**  
December 12, 2023

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Directors Present: Paul Ortega, Jeff Bowman  
Staff Present: Steve Johnson, Esther Saenz, Sylvia Baca, Jamie Hoffman

Call to Order

1. Public Comments  
None

2. Discussion Items

A. Review Agenda for December 19, 2023 Board Meeting

The proposed agenda for the December 19, 2023 meeting was reviewed.

B. Expense Reports

The October expense reports were reviewed.

C. 2024 Board Conference Schedule Update

Staff provided the Committee with the updated 2024 Board Conference Schedule. The Committee approved travel dates for the February ACWA DC conference.

Staff also provided the Committee with information on the CSDA Leadership Academies.

Adjourn

**DESERT WATER AGENCY  
OUTREACH & CONSERVATION  
ACTIVITIES**

**NOVEMBER 2023**

**Activities**

- 11/2 Xochitl Pēna was on a live segment with KESQ.
- 11/7 Xochitl Pēna recorded a radio ad with K-Gay radio.
- 11/8 Staff attended a CVRWMG Business meeting.
- 11/8 Staff hosted facilities tours.
- 11/9 Melinda Weinrich was on a live segment with KESQ.
- 11/14 Ernye Valenciano attended a ONE-PS monthly meeting.
- 11/14 Staff attended a CV-SNMP monthly meeting.
- 11/14 Staff attended a DWA/DWR on LAM & WUO meeting.
- 11/15 Xochitl Pēna attended a CVWD Water Supply Workshop.
- 11/16 Melinda Weinrich was on a live segment with KESQ.
- 11/21 Staff attended a CV Water Counts monthly meeting.
- 11/22 Melinda Weinrich recorded a radio interview with Joey English.
- 11/29 Ashley attended an ACWA/water use efficiency coordination meeting.
- 11/30 Ernye Valenciano was on a live segment with KESQ.

**Public Information Releases/eblasts/Customer Notifications**

- 11/14 – Latest News – DWA hosts vaccine clinic.
- 11/21 – Nextdoor – DWA Holiday Gift Ideas...that save water and money.
- 11/21 – Toilet & Washer incentive for the holidays.

**Legislative and Regulatory Outreach**

- 11/29 – Meetings with State Water Board members regarding water use efficiency objectives

## **Conservation Programs**

### **Grass Removal:**

- 34 Inspections
- 19 Projects pre-approved
- 17 Projects given final approval

### **Devices:**

- 11 Washing machine rebates requested
- 7 Washing machine rebates approved
- 13 Smart controller rebates requested
- 7 Smart controller rebates approved
- 0 Nozzles requested for rebate
- 0 Nozzles approved for rebate
- 1 Toilet rebates requested
- 1 Toilet rebates approved

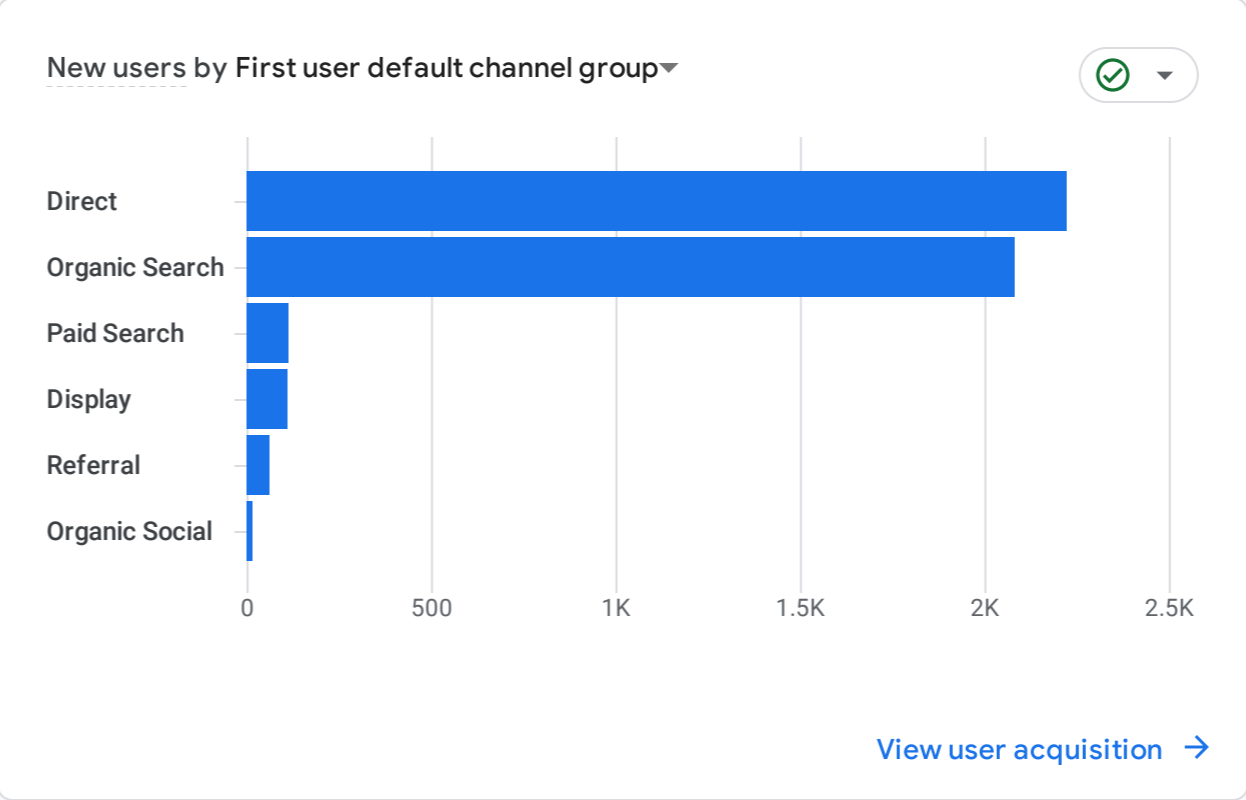
### **Water waste:**

- 67 Total complaints submitted
- 15 Contacts to customers
- 20 Site inspections scheduled
- 3 Citations
- 1 Citations Waived

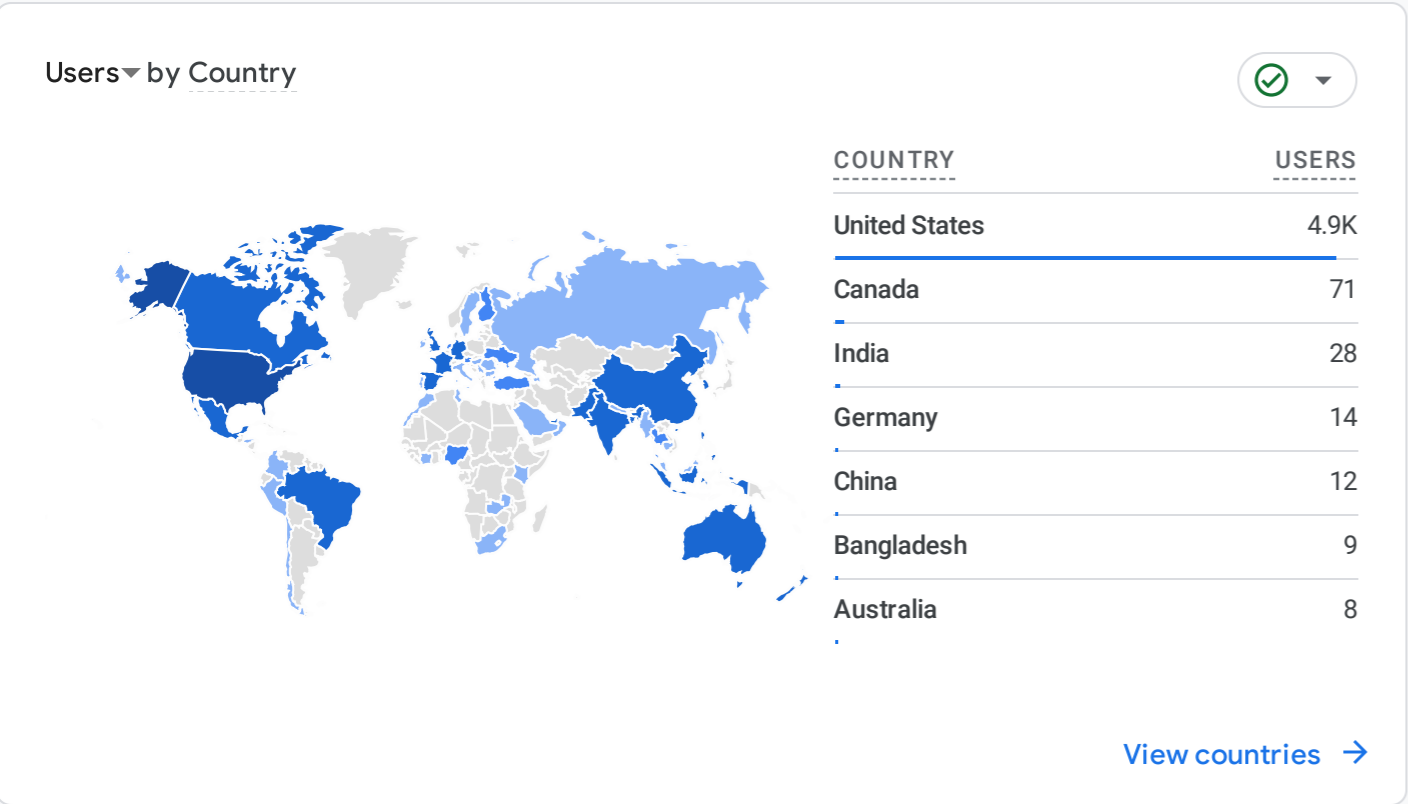
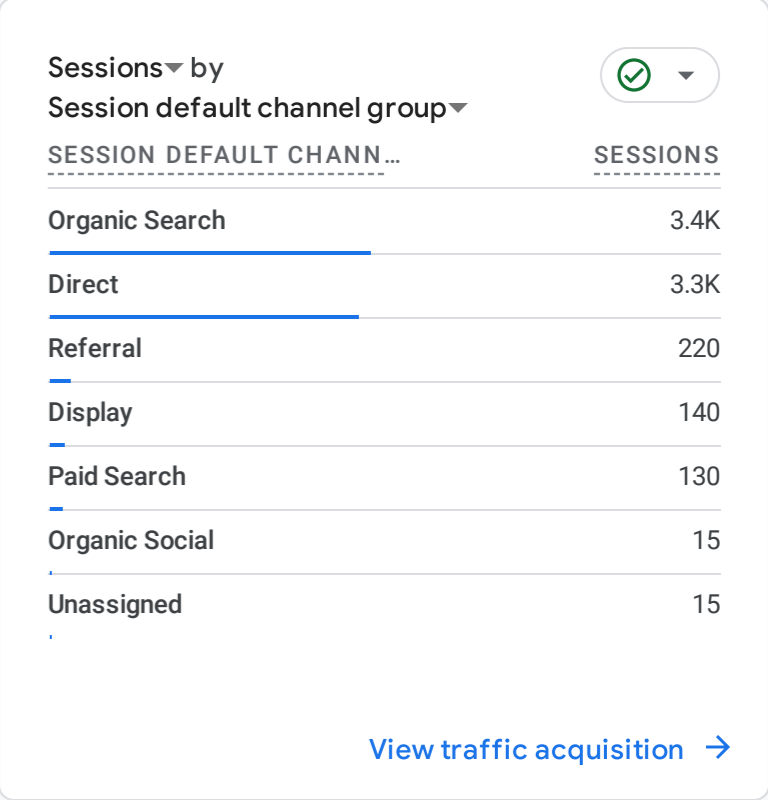
Reports snapshot



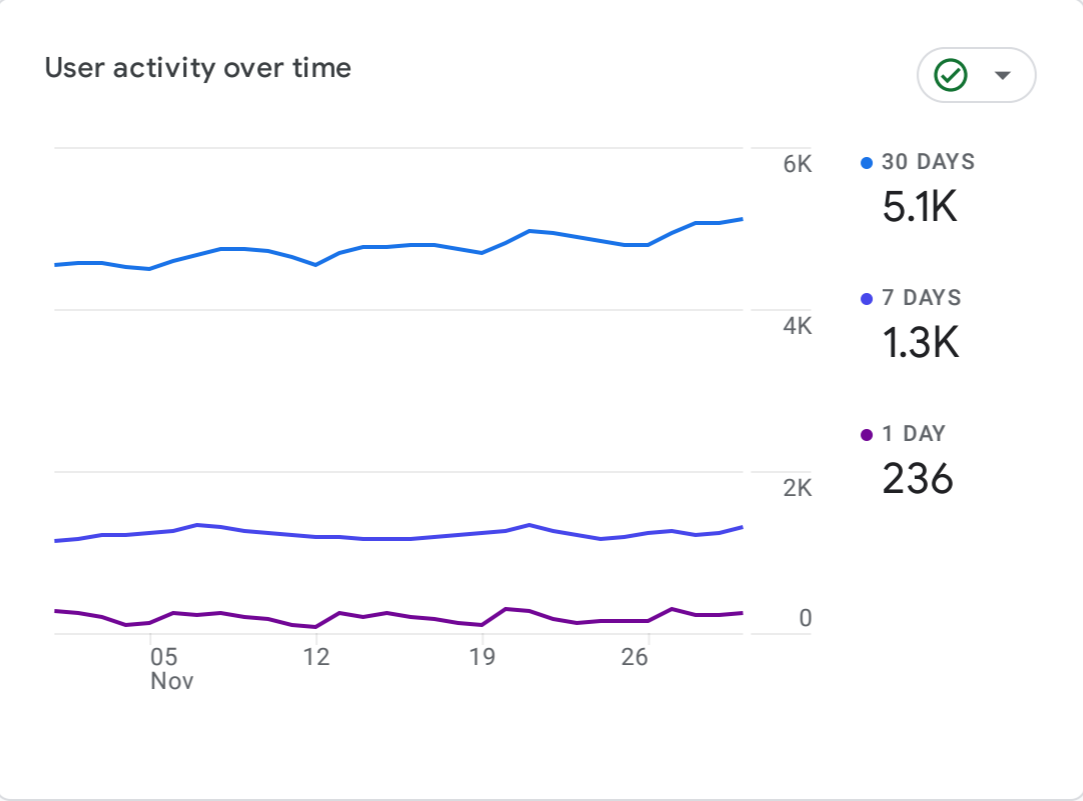
WHERE DO YOUR NEW USERS COME FROM?



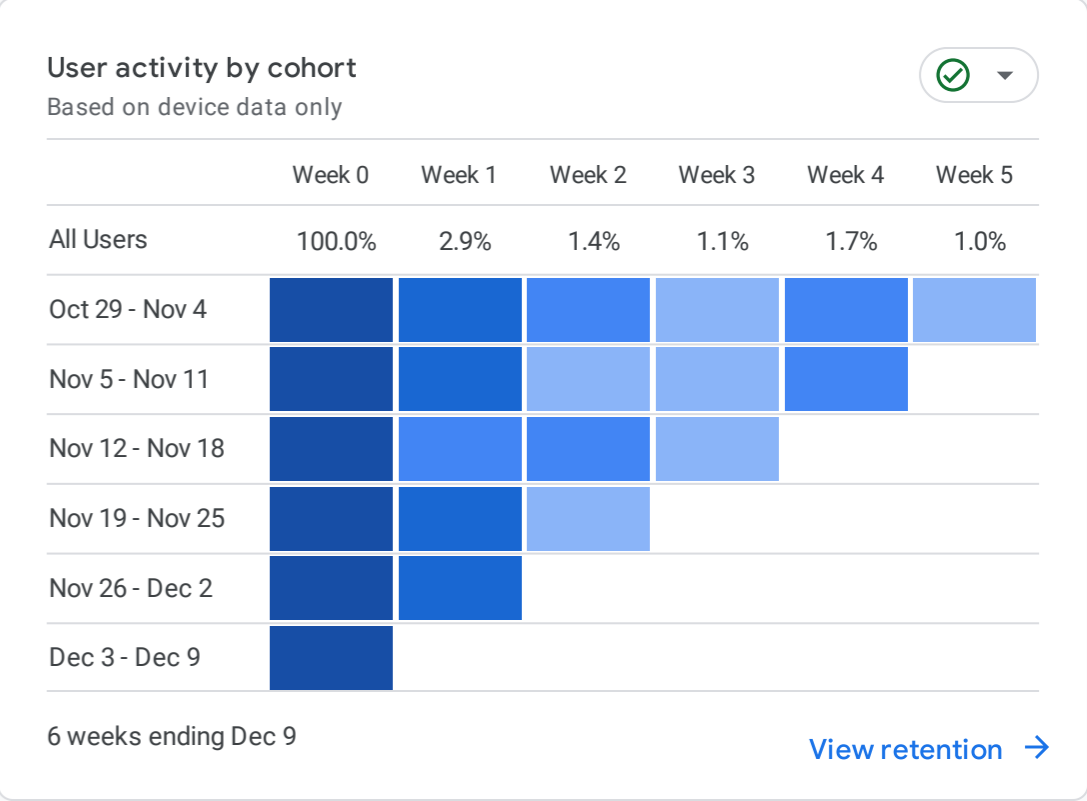
WHAT ARE YOUR TOP CAMPAIGNS?



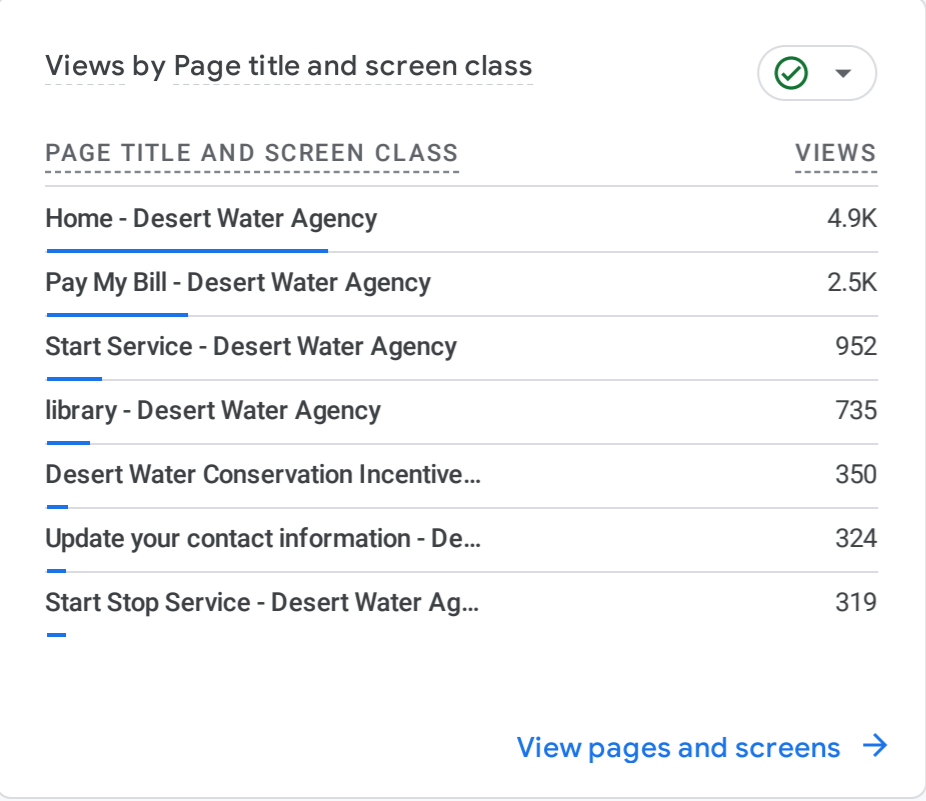
HOW ARE ACTIVE USERS TRENDING?



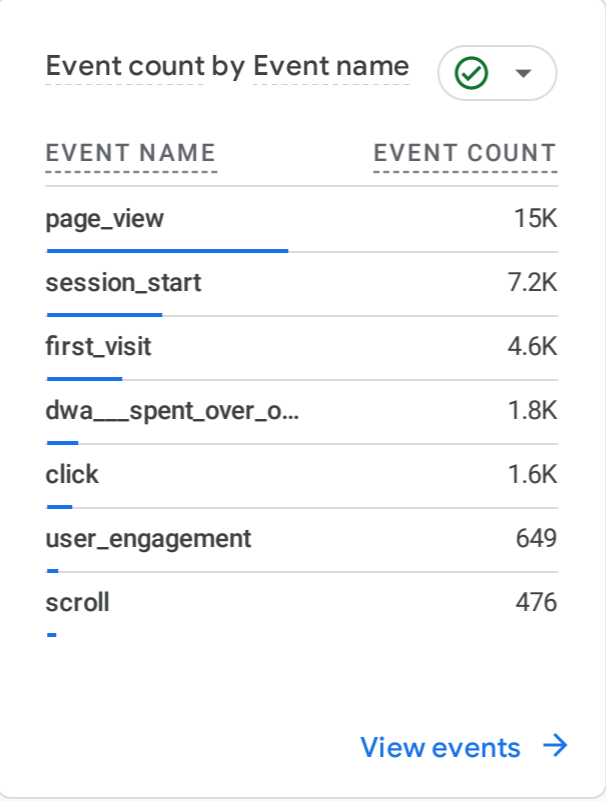
HOW WELL DO YOU RETAIN YOUR USERS?



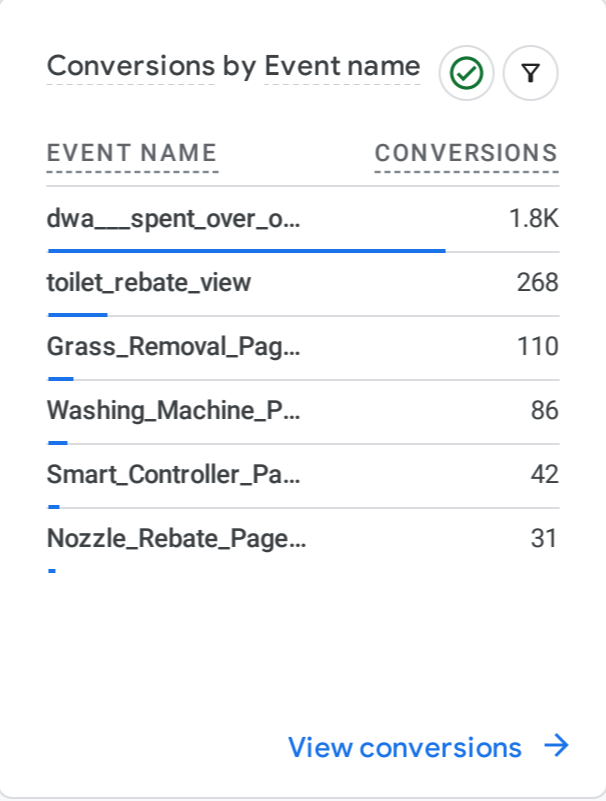
WHICH PAGES AND SCREENS GET THE MOST VIEWS?



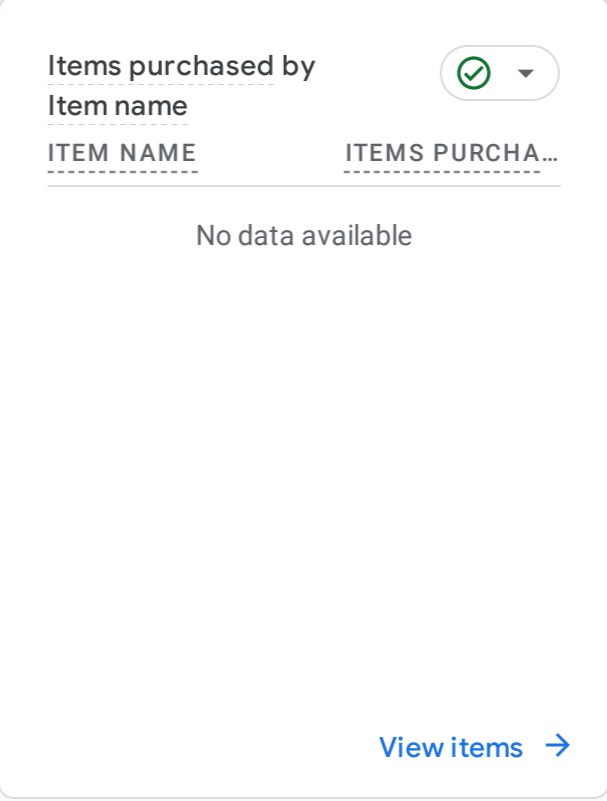
WHAT ARE YOUR TOP EVENTS?



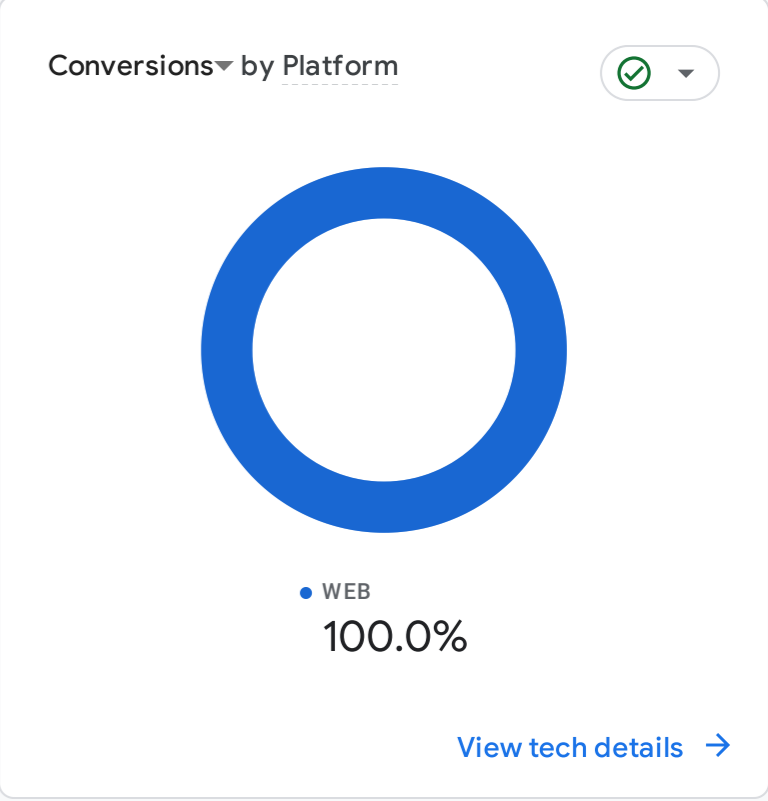
WHAT ARE YOUR TOP CONVERSIONS?



WHAT ARE YOUR TOP SELLING PRODUCTS?


























HOW DOES ACTIVITY ON YOUR PLATFORMS COMPARE?



## Desert Water Agency Facebook & Instagram Analytics November 2023



## Desert Water Agency Facebook & Instagram Analytics November 2023

	Johnny Topliff spends his days at DWA working h... Desert Water Agency	Boost unavailable	Thu Nov 30, 3:05pm	77 Reach	7 Reactions	0 Comments	0 Shares
	Johnny Topliff spends his days at DWA working hard to reach ... desertwateragency	Boost	Thu Nov 30, 3:00pm	327 Reach	36 Likes	--	21 Shares
	Our DWA crews are always working hard to keep your water fl... desertwateragency	Boost	Mon Nov 27, 6:00pm	104 Reach	15 Likes	--	0 Shares
	Our DWA crews are always working hard to keep ... Desert Water Agency	Boost unavailable	Mon Nov 27, 6:00pm	138 Reach	6 Reactions	1 Comments	0 Shares
	Happy Thanksgiving from your friends at Desert Water Agenc... desertwateragency	Boost	Thu Nov 23, 8:32am	57 Reach	4 Likes	--	0 Shares
	Happy Thanksgiving from your friends at Desert ... Desert Water Agency	Boost unavailable	Thu Nov 23, 8:31am	94 Reach	5 Reactions	0 Comments	0 Shares
	With all the holiday cooking coming up, tis the season to mak... desertwateragency	Boost	Tue Nov 21, 6:00pm	96 Reach	12 Likes	--	0 Shares
	With all the holiday cooking coming up, tis the se... Desert Water Agency	Boost unavailable	Tue Nov 21, 6:00pm	114 Reach	3 Reactions	0 Comments	0 Shares
	This World Toilet Day score a \$150 incentive from... Desert Water Agency	Boost unavailable	Sun Nov 19, 12:04pm	134 Reach	4 Reactions	0 Comments	0 Shares
	This World Toilet Day score a \$150 incentive from DWA by up... desertwateragency	Boost	Sun Nov 19, 8:25am	171 Reach	3 Likes	--	1 Shares
	Desert Water Agency is hosting a vaccine clinic November 16 f... desertwateragency	Boost	Tue Nov 14, 6:00pm	74 Reach	2 Likes	--	0 Shares
	Desert Water Agency is hosting a vaccine clinic N... Desert Water Agency	Boost unavailable	Tue Nov 14, 6:00pm	67 Reach	4 Reactions	0 Comments	0 Shares
	Thank you to everyone who participated in our Desert Water ... desertwateragency	Boost	Mon Nov 13, 6:00pm	184 Reach	35 Likes	--	0 Shares
	Thank you to everyone who participated in our D... Desert Water Agency	Boost unavailable	Mon Nov 13, 6:00pm	402 Reach	13 Reactions	2 Comments	1 Shares
	Our office will be closed tomorrow in observance of Veterans ... desertwateragency	Boost	Thu Nov 9, 5:00pm	107 Reach	10 Likes	--	0 Shares
	Our office will be closed tomorrow in observance ... Desert Water Agency	Boost unavailable	Thu Nov 9, 5:00pm	87 Reach	4 Reactions	0 Comments	0 Shares
	We had lots of fun on our fall facilities tour! Stay tuned for tou... desertwateragency	Boost	Wed Nov 8, 4:48pm	379 Reach	45 Likes	--	3 Shares
	Just like that, it's fall and you're getting an extra ... Desert Water Agency	Boost unavailable	Sun Nov 5, 5:00pm	197 Reach	5 Reactions	0 Comments	1 Shares
	Just like that, it's fall and you're getting an extra hour of beaut... desertwateragency	Boost	Sun Nov 5, 8:15am	78 Reach	5 Likes	--	0 Shares
	Ocotillo is one of the most distinctive plants in th... Desert Water Agency	Boost unavailable	Fri Nov 3, 6:00pm	130 Reach	5 Reactions	2 Comments	0 Shares
	Ocotillo is one of the most distinctive plants in the Coachella ... desertwateragency	Boost	Fri Nov 3, 10:25am	73 Reach	5 Likes	--	0 Shares
	Desert Water Agency is looking to hire an Automotive/Fleet ... desertwateragency	Boost	Wed Nov 1, 12:01pm	218 Reach	13 Likes	--	4 Shares
	Desert Water Agency is looking to hire an Autom... Desert Water Agency	Boost unavailable	Wed Nov 1, 12:00pm	214 Reach	5 Reactions	0 Comments	2 Shares

Desert Water Agency Facebook & Instagram Analytics November 2023

Reach

Post reach ⓘ

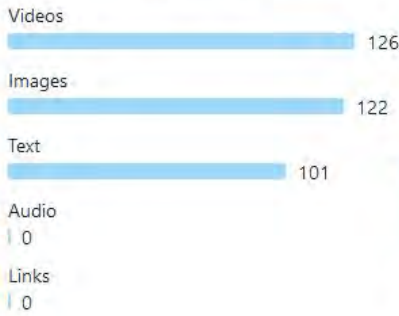
1.1K ↓ 30.5%

Total from last 90 days vs 90 days prior



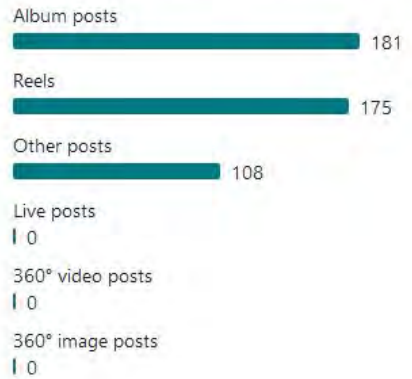
Median post reach per media type ⓘ

For posts created in the last 90 days



Median post reach per content format ⓘ

For posts created in the last 90 days

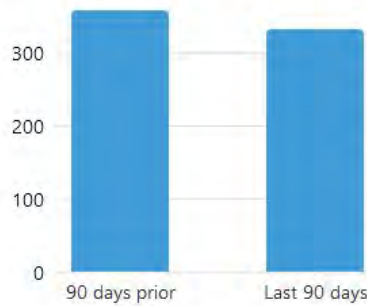


Engagement

Post reactions, comments and shares ⓘ

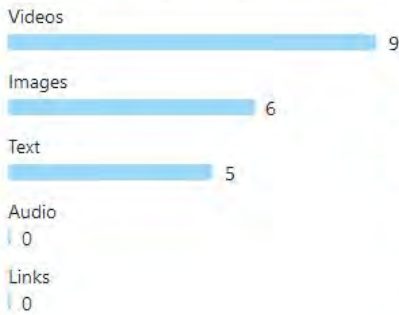
333 ↓ 7.2%

Total from last 90 days vs 90 days prior



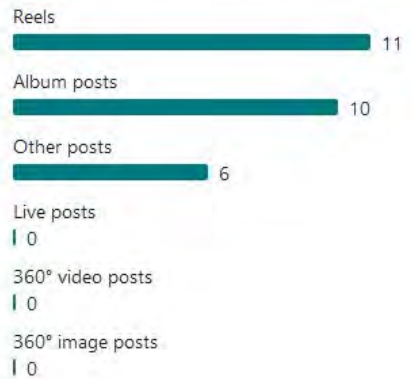
Median post reactions, comments and shares per media type ⓘ

For posts created in the last 90 days



Median post reactions, comments and shares per content format ⓘ

For posts created in the last 90 days



nextdoor



### Desert Water Agency

1200 S Gene Autry Trl, Palm Springs

Desert Water Agency is the water utility for the Palm Springs area including outlying county areas, Desert Hot Springs, part of Cathedral City and Palm Springs. It is our responsibility to provide a safe, reliable water supply to the area we serve while protecting See more...



### Desert Water Agency

40,899 members  
27,016 claimed households  
145 neighborhoods

[Invite](#)



### Desert Water Agency ✓

Outreach Specialist Xochitl Pena • 21 Nov

DWA Holiday Gift ideas

[See more...](#)

Posted to **Subscribers of Desert Water Agency**



♥ Like

💬 Comment

➦ Share

## Desert Water Agency Twitter Analytics November 2023



**Desert Water Agency**  
2,906 posts

Edit profile

**Desert Water Agency**  
@DWAwater

Desert Water Agency is a public, non-profit agency and State Water Contractor, serving a 325-square-mile area in the Palm Springs area. Follow/RT not endorsement

Palm Springs, CA [dwa.org](https://dwa.org) Joined February 2014

1,448 Following   1,207 Followers

## Your posts earned 1.5K impressions over this 30 day period



### YOUR POSTS







During this 30 day period, you earned 49 impressions per day.

Posts Top posts Posts and replies Promoted

Impressions

Engagements

Engagement rate

	<b>Desert Water Agency</b> @DWAwater · Nov 27 Our DWA crews are always working hard to keep your water flowing. Make sure to check out DWA on Nextdoor to stay up to date with any upcoming projects. <a href="https://pic.twitter.com/jdy4wdSMxs">pic.twitter.com/jdy4wdSMxs</a> <a href="#">View post activity</a>	54	1	1.9%
	<b>Desert Water Agency</b> @DWAwater · Nov 23 Happy Thanksgiving from your friends at Desert Water Agency. Our office will be closed and will reopen Monday, November 27 at 8am. <a href="https://pic.twitter.com/sXmkBjX9o2">pic.twitter.com/sXmkBjX9o2</a> <a href="#">View post activity</a>	38	0	0.0%
	<b>Desert Water Agency</b> @DWAwater · Nov 21 With all the holiday cooking coming up, tis the season to make extra sure we keep grease, fats and oils out of the drain and into the trash. For more tips on keeping your drains clear, go to <a href="https://dwa.org/downthedrain">dwa.org/downthedrain</a> <a href="https://pic.twitter.com/3b7hUQnQL6">pic.twitter.com/3b7hUQnQL6</a> <a href="#">View post activity</a>	58	2	3.4%
	<b>Desert Water Agency</b> @DWAwater · Nov 19 This World Toilet Day score a \$150 incentive from DWA by upgrading your toilet. Go to <a href="https://dwa.org/toilets">dwa.org/toilets</a> for more info. 🚽💧 #WorldToiletDay <a href="https://pic.twitter.com/JRhQ10WLiW">pic.twitter.com/JRhQ10WLiW</a> <a href="#">View post activity</a>	51	1	2.0%
	<b>Desert Water Agency</b> @DWAwater · Nov 16 *UPDATED POST* - Desert Water Agency is hosting a vaccine clinic November 18 from 12pm to 4pm and is open to the public. There will be Covid-19 monovalent vaccines, Jynneos vaccines for MPOX, and Tdap vaccines available, subject to availability. Visit link in bio to learn more! <a href="https://pic.twitter.com/IG97zbxys0">pic.twitter.com/IG97zbxys0</a> <a href="#">View post activity</a>	79	2	2.5%
	<b>Desert Water Agency</b> @DWAwater · Nov 13 Thank you to everyone who participated in our Desert Water Agency Fall Tour, it was an absolute splash! If you are interested in one of our future tours, visit <a href="https://dwa.org/tours">dwa.org/tours</a> to join our tour interest list. <a href="https://pic.twitter.com/dkJKNUictP">pic.twitter.com/dkJKNUictP</a> <a href="#">View post activity</a>	710	18	2.5%

### Engagements

Showing 30 days with daily frequency

Engagement rate

8.9%

Nov 30  
6.0% engagement rate



Link clicks

8

Nov 30  
0 link clicks



On average, you earned 0 link clicks per day

Retweets without comments

17

Nov 30  
9 Retweets without comments



On average, you earned 1 Retweets without comments per day

Likes

15

Nov 30  
5 likes



On average, you earned 1 likes per day













Replies









0





Nov 30  
0 replies



On average, you earned 0 replies per day

 <b>Desert Water Agency</b> @DWAwater · Oct 30 Desert Water Agency has some of the most knowledgeable and friendly customer service people around. Thank you all for your dedication to our customers, rain or shine! <a href="https://pic.twitter.com/X13NOfekVo">pic.twitter.com/X13NOfekVo</a> <small>(View Tweet on my)</small>	91	10	11.0%	<div> Retweets without comments  22 </div> <div>  </div> <div> On average, you earned 1 Retweets without comments per day </div>
 <b>Desert Water Agency</b> @DWAwater · Oct 27 The DAP Health Equity Walk is this Saturday at Ruth Hardy Park from 7 a.m. to 1 p.m. Make sure to stop by and visit our booth, we can't wait to see you there! 💧 <a href="https://pic.twitter.com/edsH9KTzD5">pic.twitter.com/edsH9KTzD5</a> <small>(View Tweet on my)</small>	40	0	0.0%	<div> Likes  49 </div> <div>  </div> <div> On average, you earned 1 Retweets without comments per day </div>
 <b>Desert Water Agency</b> @DWAwater · Oct 25 More hikes = more water! Hydrate throughout the day to keep yourself healthy and at peak performance. 🍷 <a href="https://pic.twitter.com/PHBwqKDSj5">pic.twitter.com/PHBwqKDSj5</a> <small>(View Tweet on my)</small>	31	0	0.0%	<div> Likes  49 </div> <div>  </div> <div> On average, you earned 2 likes per day </div>
 <b>Desert Water Agency</b> @DWAwater · Oct 23 Would you walk outside to water your plants in the middle of a storm? Yeah, neither would we. Smart irrigation controllers shut off automatically when it rains. You can get up to \$250 for the purchase and installation of qualifying models. Apply today - <a href="https://dwa.org/controllers">dwa.org/controllers</a> <a href="https://pic.twitter.com/WoP88RShAU">pic.twitter.com/WoP88RShAU</a> <small>(View Tweet on my)</small>	30	0	0.0%	<div> Replies  0 </div> <div>  </div> <div> On average, you earned 0 replies per day </div>
 <b>Desert Water Agency</b> @DWAwater · Oct 20 Garden Day is just around the corner! 🌿 Join us on Saturday, October 21 from 9 a.m. to 2 p.m. at the UCR campus in Palm Desert. Visit the link to learn more. <a href="https://deserthorticulturalsociety.org/garden-day/">deserthorticulturalsociety.org/garden-day/</a> <a href="https://pic.twitter.com/xjFE3xGy8V">pic.twitter.com/xjFE3xGy8V</a> <small>(View Tweet on my)</small>	36	0	0.0%	
 <b>Desert Water Agency</b> @DWAwater · Oct 19 How different would your day be without water? Starting off with no coffee, no tooth brushing and no shower...no thanks! Take a moment today to appreciate the essential role water plays in your life. 💧 <a href="https://pic.twitter.com/Z3zybiYOvq">pic.twitter.com/Z3zybiYOvq</a> <small>(View Tweet on my)</small>	85	1	1.2%	
 <b>Desert Water Agency</b> @DWAwater · Oct 16 You've probably come across beautiful Bougainvillea! This plant's resilient nature makes it an excellent choice for hot-season applications, and its drought tolerance keeps maintenance low. These plants do have thorns, so please be careful when handling. <a href="https://pic.twitter.com/FYvkz1ChUe">pic.twitter.com/FYvkz1ChUe</a> <small>(View Tweet on my)</small>	53	0	0.0%	
 <b>Desert Water Agency</b> @DWAwater · Oct 15 It's Global Handwashing Day - another reminder about how important water is to our health. 💧 <a href="https://pic.twitter.com/6e5ljA4YaP">pic.twitter.com/6e5ljA4YaP</a> <small>(View Tweet on my)</small>	51	0	0.0%	

	<b>Desert Water Agency</b> @DWAwater · Oct 13 Who can say no to this cute dog? Listen to Lucy and upgrade your toilet to stop wasting water & money. You can get up to \$150 for ultra-efficient models. Go to <a href="http://dwa.org/toilets">dwa.org/toilets</a> to learn more. <a href="https://pic.twitter.com/lwEE2MEeQ0">pic.twitter.com/lwEE2MEeQ0</a> <small>(View Tweet activity)</small>	49	1	2.0%
	<b>Desert Water Agency</b> @DWAwater · Oct 11 Our canned waters don't grow on trees, but they can be found at local community events. Get involved and make sure to grab a water next time you see us! <a href="https://pic.twitter.com/59dz4uU1kg">pic.twitter.com/59dz4uU1kg</a> <small>(View Tweet activity)</small>	68	8	11.6%
	<b>Desert Water Agency</b> @DWAwater · Oct 10 Happy Water Professionals Appreciation Week. DWA is grateful to have such an incredible team of experts. We appreciate your dedication to public service! 💧 <a href="https://pic.twitter.com/h8BszX8Ex7">pic.twitter.com/h8BszX8Ex7</a> <small>(View Tweet activity)</small>	44	3	6.8%
	<b>Desert Water Agency</b> @DWAwater · Oct 10 <b>ROAD CLOSURE ALERT!</b> Avoid Indian Canyon & San Rafael Drive. The intersection is closed. A contractor not affiliated with DWA hit a water main this morning (10/10/23). Crews are on site making repairs. Water is currently off in that area. Customers with outages have been notified. <a href="https://pic.twitter.com/49ToEh82UT">pic.twitter.com/49ToEh82UT</a> <small>(View Tweet activity)</small>	58	2	3.4%
	<b>Desert Water Agency</b> @DWAwater · Oct 7 For the latest with DWA check out our Fall newsletter. 📧 Read all about: 📄 Our new residential toilet incentive 📄 Our next facility tour 📄 How to be prepared for emergencies 📄 And much more Go to <a href="http://dwa.org/newsletters">dwa.org/newsletters</a> to check it out. 📧💧 <a href="https://pic.twitter.com/TXkBluSVOP">pic.twitter.com/TXkBluSVOP</a> <small>(View Tweet activity)</small>	53	1	1.9%
	<b>Desert Water Agency</b> @DWAwater · Oct 6 Sign up for our Tour Interest List today and be the first to know when any of our facility tours are available. Go to <a href="http://dwa.org/tours">dwa.org/tours</a> to learn more! 💧📄🔗 <a href="https://pic.twitter.com/71cJRYyxGQ">pic.twitter.com/71cJRYyxGQ</a> <small>(View Tweet activity)</small>	55	2	3.6%
	<b>Desert Water Agency</b> @DWAwater · Oct 3 We're at National Night Out keeping folks hydrated! It's a wonderful event that brings the community together to learn about public safety and our local Palm Springs Police Department. There's food, entertainment and WATER! Stop by! 🍷💧 <a href="https://pic.twitter.com/yH4pYESinc">pic.twitter.com/yH4pYESinc</a> <small>(View Tweet activity)</small>	119	5	4.2%
	<b>Desert Water Agency</b> @DWAwater · Oct 2 Join Desert Water Agency's publicly elected Board of Directors on the first and third Tuesday of the month at 8:00 a.m., through Zoom or in person. Visit <a href="http://dwa.org/organization/b...">dwa.org/organization/b...</a> for more details. <a href="https://pic.twitter.com/WxAYYmAV1P">pic.twitter.com/WxAYYmAV1P</a> <small>(View Tweet activity)</small>	40	1	2.5%

 <b>Desert Water Agency</b> @DWAwater · Nov 3	51	1	2.0%
<p>Our office will be closed tomorrow in observance of Veterans Day. Thank you to all service men and women for your unwavering dedication to our country!</p> <p><a href="https://pic.twitter.com/jkVibucUO">pic.twitter.com/jkVibucUO</a></p> <p><a href="#">View post activity</a></p>			
 <b>Desert Water Agency</b> @DWAwater · Nov 5	41	2	4.9%
<p>Just like that, it's fall &amp; you're getting an extra hour of beauty sleep! Be sure to turn your clocks back &amp; adjust your irrigation for efficiency. Go to <a href="https://dwa.org/save">dwa.org/save</a> for info on getting up to \$250 for a smart controller to help make irrigation changes easier. 💧🔧📱</p> <p><a href="https://pic.twitter.com/FxBpZVVFgK">pic.twitter.com/FxBpZVVFgK</a></p> <p><a href="#">View post activity</a></p>			
 <b>Desert Water Agency</b> @DWAwater · Nov 3	122	3	2.5%
<p>Ocotillo is one of the most distinctive plants in the Coachella Valley and are great at attracting hummingbirds. These beauties bloom during spring, and their vibrant orange flowers make them the focal point of a yard. 🌵💧 <a href="https://pic.twitter.com/tCd9uwnf2E">pic.twitter.com/tCd9uwnf2E</a></p> <p><a href="#">View post activity</a></p>			
 <b>Desert Water Agency</b> @DWAwater · Nov 1	29	0	0.0%
<p>Desert Water Agency is looking to hire an Automotive/Fleet Mechanic level I or II. If you or someone you know fit the qualifications, visit <a href="https://dwa.org/careers">dwa.org/careers</a> and apply today. Deadline for applications is November 6.</p> <p>#CoachellaValley <a href="https://pic.twitter.com/0omHUsMCTN">pic.twitter.com/0omHUsMCTN</a></p> <p><a href="#">View post activity</a></p>			

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

**DECEMBER 19, 2023**

**RE: REQUEST BOARD AUTHORIZATION TO CONTINUE  
EMERGENCY REPAIR WORK AT DWA FACILITIES UNDER  
RESOLUTION NO. 1312**

On September 19, 2023, the Board adopted Resolution No. 1312 declaring a local emergency that requires emergency repairs to Agency facilities due to Tropical Storm Hilary. As required by the resolution, the following is an update on the repairs:

The following repair work has been done:

Whitewater Headworks:

- Graded road into site.
- Repaired 4" pump and re-established water supply to customers, at reduced delivery flow rate.
- Cleaned out concrete settling structure and transmission main.
- Scheduled fence contractor to replace the fence surrounding the settling structure.

Mission Creek Groundwater Replenishment Facility:

- Completed aerial survey of work zone area.
- Received CAD mapping from aerial survey consultant.

The General Manager has determined that the damage to Agency facilities warrants the continuation of work under a Local Emergency, as outlined in Resolution No. 1312.

Fiscal Impact:

The declaration of work under a Local Emergency does not have a fiscal impact, rather, it allows the Agency to expedite repairs according to the Uniform Public Construction Cost Accounting Act.

Legal Review:

N/A

Attachments:

None

Recommendation:

Staff recommends, as required by Resolution No. 1312, the Board's concurrence that the continued work to repair Agency facilities shall occur under the Board's declaration of a Local Emergency.

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

**DECEMBER 19, 2023**

**RE: CUSTOMER APPEAL – MOISES DE LA TORRE**

On December 17, 2019, the Board of Directors adopted Resolution No. 1224 “Policy on Discontinuation of Residential Water Service for Nonpayment”, which became effective on February 1, 2020. This resolution was in accordance with Senate Bill 998 that was adopted by the California Legislature in 2018, which imposes new and expanded customer protections regarding discontinuation of residential water service for nonpayment and related matters.

Section 5 of Resolution No. 1224 addresses the procedures to contest or appeal a bill, in particular Section 5.3 (Appeal to Board of Directors).

“Any customer whose timely complaint or request for an investigation pursuant to this Section 5 has resulted in an adverse determination by the Agency may appeal the determination to the Board of Directors by filing a written notice of appeal with the Agency Secretary within ten (10) business days of the Agency’s mailing of its determination. Upon receiving the notice of appeal, the Agency Secretary will set the matter to be heard at an upcoming Board meeting and mail the customer written notice of the time and place of the hearing at least ten (10) days before the meeting. The decision of the Board shall be final.”

The appellant, Moises De La Torre is appealing his August 2023 water bill for the reason(s) listed:

1. Does not agree with the high bill for August 2023
2. Checked for leaks, none found on property
3. Meter is not accurate

**Appeal Summary/Procedures:**

1. 05/11/23 - May water read of 156 units (over 4 times higher than April).
2. 05/12/23 – Re-Read by DWA. Found motion. High consumption alert letter mailed.
3. 06/13/23 – June water read at 161 units.
4. 06/14/23 – Re-Read by DWA. No motion found.
5. 06/20/23 – Customer called DWA to have meter checked.
6. 06/21/23 – DWA Field Services Supervisor on site. No motion on meter
7. 07/11/23 – Customer called DWA to have meter checked.

8. 07/11/23 – DWA Field Services Supervisor on site. Found slow motion on meter. Motion stopped when pool fill off. Performed field test on meter; 99% accurate.
9. 07/13/23 – July water read of 37 units.
10. 08/14/23 – August water read of 305 units.
11. 08/15/23 – Re-Read by DWA. Slow motion found. High consumption alert letter mailed.
12. 11/01/23 – Customer files dispute with DWA for August bill.
13. 11/02/23 – Water bill Dispute Denial Letter mailed to customer (dispute was denied by DWA staff based on previous field investigations).
14. 11/21/23 – Customer visits DWA Operation Center office to speak with Field Services Supervisor or General Manager (both were out of office).
15. 11/22/23 – Field Services Supervisor calls customer (no answer).
16. 11/27/23 – Customer contacted Field Services Supervisor. Supervisor informs customer of appeal process.
17. 11/28/23 – Customer files official appeal notification.
18. Staff has provided the Board with the correspondence for this appeal. (Attachment 1).
19. Staff records of the account (Attachment 2).
20. The appellant, if in attendance, will be invited by the Board President to speak concerning the appeal.
21. After hearing the appellant, the Board will decide whether to grant or deny the appeal.

Legal Review:

N/A

Fiscal Impact:

If the Board decides to deny appeal, there will be no fiscal impact. If the Board decides to grant the appeal, the Agency may credit Mr. De La Torre's account in an amount not to exceed \$780.80 (305 units of water).

Staff Recommendation:

Based on results of re-reads and the field flow test by the Field Services Supervisor, staff recommends that the Board of Directors deny the appeal of Moises De La Torre.

Attachments:

Attachment #1 – Appeal form

Attachment #2 – Account Records

**ATTACHMENT # 1****Appeal : Entry # 20155****Your Name**

Moises De la torre

**Name on DWA water account**

Same as above

**Phone number**

[REDACTED]

**Email address**

[REDACTED]

**Property address**

[REDACTED]

**Date on bill you're appealing**

12/28/2023

**Why are you appealing your bill?**

Beacause highg bill never found a water leak metter says no leak we check full house for that amount of charge we would be flooded I got couple high bills than a normal than a dobbble high than I been getting a normal bills I think was something wrong with the metter water agency checked it I do not know if they changed it or fix it all I can say last couple bills I got normal water use

**What would you like DWA to do?**

- Other

**Please let us know what you'd like DWA to do.**

Take care of the bill 847.00 dlrs

**Notes****Admin Notification (ID: 5ee4a671e2971)**

added 5 mins ago

WordPress successfully passed the notification email to the sending server.



**User Notification (ID: 5f0be4bb22bf8)**

added 5 mins ago

WordPress successfully passed the notification email to the sending server.



Paul Ortega, President (Division 4)  
 Jeff Bowman, Vice President (Division 3)  
 Gerald McKenna, Secretary-Treasurer (Division 2)  
 Kristin Bloomer, Director (Division 5)  
 Steve Grasha, Director (Division 1)

Mark S. Krause, General Manager-Chief Engineer  
 Best, Best & Krieger, General Counsel  
 Krieger & Stewart, Consulting Engineers

Moises De La Torre  
 [REDACTED]

*Mailed / Emailed  
 11/2/23*

November 2, 2023

**RE: WATER BILL DISPUTE**  
 [REDACTED]

Mr. De La Torre,

Thank you for reaching out to us. We understand your concern about your bill and recent spike in water use. After receiving high consumption alerts and making multiple visits to verify the read and check your property with you, we field tested the meter at that time and recommended a leak detection company to identify the cause of increase.

While Desert Water Agency does not typically issue credits for leaks, we have a new program to help eligible low-income customers that have a high-water bill due to a leak.

**Criteria (must meet both):**

1. Apply and qualify for either DWA's Help2Others or LIHWAP programs (Details for United Way: [www.unitedwayofthedesert.org/help2others](http://www.unitedwayofthedesert.org/help2others) (760)323-2731, Details for LIHWAP: (951)955-4900)
2. Had a recent unusually high bill (water use more than 2.5 times your average for that month) and provide proof of a leak repair, Desert Water Agency will credit your bill for the excess water use. (For example, if you qualify for Help2Others and you get a February bill showing 70 units of water and normally use 10 units in February, you can submit your leak repair receipts/invoices and Desert Water Agency will credit you for 60 units of water.)

If you're eligible, please email your receipts/repair invoices to [assistance@dwa.org](mailto:assistance@dwa.org) - unfortunately, if you are not eligible, we are unable to offer you assistance.

If you are not satisfied with this solution, please fill out an appeal form ([www.dwa.org/appeal](http://www.dwa.org/appeal)) within 10 business days of this letter and our Board of Directors will review your appeal at a public board meeting. If no appeal is submitted, the decision above will be final.

If you have any questions, please feel free to contact me directly at EXT 128.

Sincerely,

*Garrett Nelson*  
 Garrett Nelson  
 Field Service Supervisor

**Priscila Ramirez**

---

**From:** Desert Water Agency <no-reply@dwa.org>  
**Sent:** Wednesday, November 1, 2023 12:51 PM  
**To:** Disputes  
**Subject:** Desert Water Agency - Bill Dispute



Hello,

We received this bill dispute from the website. Please note, we have 10 business days (per our policy) to respond to the customer.

Name: Moises De La Torre

[REDACTED]

[REDACTED]

[REDACTED]

Date on bill disputing: 08/10/2023

Why disputing your bill? : Disputing the bill because the water bill is normally 150 & we got a 847 bill.Desert water employees Checked too see if there were any leaks and there were not so this is not right and very innacurate.

Thank You!

Acct: [REDACTED] Status: A Alpha: DE LA TORRE, MOISES

User: PRISCIL

Service: MOISES DE LA TORRE

Curr Amt Wtr : 135.33

Arrears Wtr : 814.33

Curr Amt Swr : 33.25

Arrears Swr : 33.25

Bill To:

CA 92234 2109

APN: 686193020

TOTAL DUE : 1,016.16

Last Paid : 9/29/23

Last Billing : 10/12

Turnoff Date : 10/30/23

Rfnd Grp:

Deposit:

00000

ERT # : 81093703

5/12/23 HBE 5/23, 8/15/23 VERY SLOW MOTION

Meter # : 22008634

Service #: 32790

Service Size: 1 IN.

Mtr Type: RESIDENTIAL

Mtr Size: 4DGT 5/8

Multiple Head: C

Cty/Cnty: CITY

Curr Mtr Rdng: 1,083

Prv Metr Rdng: 1,053

Bkfl: Size: Sewr: 1 EDUS: 1.000 Trap: Route: 42-1 Seq: 1490 Zone: G

Pink: By: Orig : Orig TrnOff:

CONSUMPTION - 23

CONSUMPTION - 22

CONSUMPTION - 21

J	43	M	156	S	30	J	22	M	34	S	46	J	26	M	28	S	42
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M	40	J	37	N		M	26	J	30	N	34	M	23	J	50	N	32
A	37	A	305	D		A	29	A	53	D	39	A	29	A	41	D	26

F1-Comnt F2-Hst F3-Reads F6-Prt F9-Upd Comnt F10-DueDate F11-AutoPay F14-Ext

[REDACTED]

6/20/23 DWA RE-READ

NAME:	Moises De la Torre	ACCT #:	[REDACTED]
ADDR:	[REDACTED]	MTR #:	[REDACTED]
PHONE#:	[REDACTED]	ERT #:	[REDACTED]
		RTE #:	42-1
		SVC #:	32790
		SIZE:	lin

<input type="checkbox"/>	LOW READ/POSS STK	DATE	06/21	PRESS RD:	0692
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<input type="checkbox"/>	POSS UNDER-READ	DATE	6/13	PREV RD:	681
<input type="checkbox"/>	POSS OVER-READ				
<input type="checkbox"/>	CK FOR NEW MTR/REG CHG			HEAD1 :	
			11/8 x30	HEAD2 :	
			ATTN x42	CONS :	11

STUCK? \_\_\_\_\_ MOTION? NO

REMARKS \_\_\_\_\_

COMMENTS NO MOTION ON MTR @ THIS TIME.

RETURN TO: \_\_\_\_\_ DATE: \_\_\_\_\_ RE-READ BY: NMACT 1:50<sup>PM</sup>

7/11/23		DWA RE-READ	
NAME:	Moises de la Torre	ACCT #:	[REDACTED]
ADDR:	[REDACTED]	MTR #:	[REDACTED]
PHONE#:	[REDACTED]	ERT #:	[REDACTED]
		RTE #:	42-1
		SVC #:	32290
		SIZE:	1in.
	LOW READ/POSS STK		
X	HI READ / CK FOR MOTION		
	POSS UNDER-READ	DATE	07/11
	POSS OVER-READ		PRESS RD : 0716
	CK FOR NEW MTR/REG CHG	DATE	4/13
			PREV RD : 1081
			HEAD1 :
			HEAD2 :
STUCK?	MOTION? YES		CONS : 35
REMARKS			35
COMMENTS			28 K50: AFTN 38
	SLOW MOTION. MOTION STOPS WITH ABL		
	FIELD TEST @ 99'.		FIN OFF
RETURN TO:	DATE:	RE-READ BY:	CANNOTT 2/04

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

**DECEMBER 19, 2023**

**RE: REQUEST ACCEPTANCE OF VASQUEZ & COMPANY LLP  
ANNUAL AUDIT REPORT FOR 2022-2023**

Roger Martinez and Emer Fabro of Vasquez & Company LLP will be in attendance at today's meeting, at which time, they will present their report on the Audit of Desert Water Agency's financial activities for Fiscal Year 2022-2023 and will answer any questions the Board may have with regard to the audit.

In order to maintain compliance with the Agency's Bond Issuance continuing disclosure requirements, the Agency must submit the audited financial statements by December 26, 2023.

Legal Review:  
N/A

Fiscal Impact:  
None

Recommendation:  
Staff has reviewed the Audit Report and recommends that the Board of Directors accepts the 2022-2023 Vasquez & Company LLC Annual Audit Report.

Attachments:

1. Desert Water Agency Draft 2022-2023 Audited Financial Statements
2. Audit report presentation

# DESERT WATER



*FINANCIAL REPORT*  
*JUNE 30, 2023 and June 30, 2022*

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## Independent Auditor's Report

To the Board of Directors  
Desert Water Agency

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Desert Water Agency (the Agency), which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Management's Responsibilities for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

We draw attention to Notes 2 and 6 which describes that the Agency adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which became effective during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 13, and the required supplementary information on pages 52 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The schedules of revenues and expenses by fund as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the organizational information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

**Glendale, California  
December 14, 2023**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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Management's discussion and analysis of Desert Water Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the years ended June 30, 2023 and June 30, 2022. Please read it in conjunction with the Agency's basic financial statements which begin on page 14.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2023, the Agency's net position increased \$41.4 million or 10.2 percent as a result of the year's operations. In fiscal year 2022, the Agency's net position increased \$31.7 million or 8.5 percent.
- In fiscal year 2023, the Agency's total assets increased \$39.0 million mainly due to a \$36.5 million increase in cash and investments and a \$2.5 million increase in capital assets. In fiscal year 2022, total assets increased \$27.7 million mainly due to a \$21.2 million increase in cash and investments and a \$3.0 million increase in capital assets.
- Deferred outflows and inflows of resources were recorded for Pension, Other post-employment benefits (OPEB) and leases. In fiscal year 2023, deferred outflows increased \$2.2 million while deferred inflows decreased \$6.3 million. The decrease in deferred inflows is mainly due to the changes in market conditions.
- In fiscal year 2023, current year operating revenues decreased \$1.6 million or 3.4 percent while operating expenses increased \$6.6 million or 14.7 percent, which produced a decrease in net operating income of \$8.2 million. In fiscal year 2022, current year operating revenues increased \$2.1 million or 4.7 percent while operating expenses increased \$0.5 million or 1.1 percent, which resulted in an increase in net operating income of \$1.6 million.
- In fiscal year 2023, total operating expenses increased \$6.6 million or 14.7 percent. The increase in operating expenses is mainly due to a \$0.9 million increase in source of supply expense, a \$0.6 million increase in pumping, a \$0.6 million increase in transmission and distribution expense, and a \$4.1 million increase in administration and general expense. In fiscal year 2022, total operating expenses increased \$0.5 million or 1.1 percent. The increase in operating expenses is mainly due to a \$1.4 million increase in source of supply expense, a \$0.6 million increase in pumping, a \$0.3 million increase in reclamation expense, offset by a \$2.1 million decrease in administration and general expense.
- In fiscal year 2023, capital contributions decreased \$0.3 million mainly due to a decrease in new and/or existing developer projects completed in the Agency's service area. In fiscal year 2022, capital contributions decreased \$0.2 million mainly due to a decrease in new and/or existing developer projects completed in the Agency's service area during the fiscal year.
- Total operating and non-operating revenues for 2023 and 2022 were a combined \$95.6 million and \$87.2 million, respectively. Total expenses in 2023 and 2022 were \$54.6 million and \$56.2 million, respectively.

- In fiscal year 2023, non-operating revenues (expenses), net increased \$18.2 million due to an \$8 million decrease in unrealized loss of investments due to market conditions and an \$8 million increase in property tax receipts. In fiscal year 2022, nonoperating revenues (expenses), net decreased \$9.3 million due to an increase in unrealized loss of investments due to market conditions.
- In fiscal year 2023, other current assets increased \$0.8 million due to an increase in interest receivables. In fiscal year 2022, other current assets increased \$0.5 million due to an increase in customer work order deposits.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The statements of net position and statements of revenues, expenses, and changes in net position (on pages 15 through 17) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances.

## **REPORTING THE AGENCY AS A WHOLE**

Our analysis of the Agency as a whole begins on page 5. One of the most important questions asked about the Agency's finances is, "Is the Agency as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Agency as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in them. You can think of the Agency's net position - the difference between assets and liabilities - as one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the Agency's property tax base and the condition of the Agency's water facilities, to assess the overall health of the Agency.

The Agency reports in the statement of net position and the statement of revenues, expenses, and changes in net position one type of activity for the water service it provides. All Agency activities are reported in these statements.

## THE AGENCY AS A WHOLE

In fiscal year 2023, the Agency's net position increased to \$446.5 million from \$405.1 million. In fiscal year 2022, the Agency's net position increased to \$405.1 million from \$373.4 million. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the Agency's activities.

**Table 1**  
**Condensed Statement of Net Position**  
**(in Millions)**

	2023	2022	Change		2021	Change	
			\$	%		\$	%
Capital assets, net	\$ 214.9	\$ 212.4	\$ 2.5	1.2%	\$ 209.4	\$ 3.0	1.4%
Current and other assets	292.1	255.6	36.5	14.3%	230.9	24.7	10.7%
Total assets	507.0	468.0	39.0	8.3%	440.3	27.7	6.3%
Deferred outflows of resources	11.6	9.4	2.2	23.4%	11.4	(2.0)	(17.5%)
Total assets and deferred outflows of resources	\$ 518.6	\$ 477.4	\$ 41.2	8.6%	\$ 451.7	\$ 25.7	5.7%
Long-term liabilities	51.8	47.7	4.1	8.6%	67.5	(19.8)	(29.3%)
Current liabilities	7.6	5.6	2.0	35.7%	6.7	(1.1)	(16.4%)
Total liabilities	59.4	53.3	6.1	11.4%	74.2	(20.9)	(28.2%)
Deferred inflows of resources	12.7	19.0	(6.3)	(33.2%)	4.1	14.9	363.4%
Net position							
Net investment in capital assets	214.7	212.2	2.5	1.2%	191.6	20.6	10.8%
Restricted	128.6	94.5	34.1	36.1%	72.1	22.4	31.1%
Unrestricted	103.2	98.4	4.8	4.9%	109.7	(11.3)	(10.3%)
Total net position	446.5	405.1	41.4	10.2%	373.4	31.7	8.5%
Total liabilities, deferred inflows of resources, and net position	\$ 518.6	\$ 477.4	\$ 41.2	8.6%	\$ 451.7	\$ 25.7	5.7%

### June 30, 2023 vs. June 30, 2022

In fiscal year 2023, the net position increased by \$41.4 million. The unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$4.8 million.

### June 30, 2022 vs. June 30, 2021

In fiscal year 2022, the net position increased by \$31.7 million. The unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$11.3 million.

**Desert Water Agency**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2023 and 2022**

**Table 2**  
**Condensed Statement of Revenues, Expenses and Changes in Net Position**  
**(in Millions)**

	2023	2022	Change		2021	Change	
			\$	%		\$	%
Operating revenues	\$ 45.5	\$ 47.1	\$ (1.6)	(3.4%)	\$ 45.0	\$ 2.1	4.7%
Operating expenses	51.4	44.8	6.6	14.7%	44.3	0.5	1.1%
Operating income (loss)	(5.9)	2.3	(8.2)	(356.5%)	0.7	1.6	228.6%
Nonoperating revenues	50.1	40.1	10.0	24.9%	36.8	3.3	9.0%
Nonoperating expenses	(3.2)	(11.4)	(8.2)	(71.9%)	(0.8)	10.6	(1325.0%)
Capital contributions	0.4	0.7	(0.3)	(42.9%)	0.9	(0.2)	(22.2%)
Change in net position	41.4	31.7	9.7	30.6%	37.6	(5.9)	(15.7%)
Net position, beginning of year	405.1	373.4	31.7	8.5%	335.8	37.6	11.2%
Net position, end of year	\$ 446.5	\$ 405.1	\$ 41.4	10.2%	\$ 373.4	\$ 31.7	8.5%

**Fiscal Year 2023 vs. Fiscal Year 2022**

In fiscal year 2023, the Agency's operating revenues decreased 3.5 percent and operating expenses increased 14.8 percent. The factors driving these results include:

- Water sales revenue decreased \$0.6 million or 1.5 percent due to a decrease in water consumption due to conservation efforts.
- The source of supply expenses increased \$0.9 million primarily due to an increase in variable costs for the State Water Project due to increased water deliveries as compared to the prior year and an increase in Operations, Maintenance and Replacement costs for the State Water Project.
- Pumping expenses increased \$0.6 million primarily due to increased power costs.
- General and administrative expenses increased \$4.1 million mainly due to increased pension benefit costs and an increase in conservation efforts through the turf rebate program.
- Nonoperating revenues increased 24.7 percent primarily due to an increase in property tax and investment income revenue.
- Nonoperating expenses decreased \$8.2 million percent due to a reduction of the unrealized loss on investments.

- Capital contributions decreased \$0.3 million because of a decrease in new and/or existing developer projects completed in the Agency's service area.
- The Agency had 23,486 active water services at June 30, 2023. This represents a net increase of 45 active meters during the year.

Fiscal Year 2022 vs. Fiscal Year 2021

In fiscal year 2022, the Agency's operating revenues increased 4.7 percent and operating expenses increased 1.2 percent. The factors driving these results include:

- Water sales revenue increased \$1.6 million or 3.9 percent due to an increase in the water rate and decrease in water consumption due to conservation efforts.
- The source of supply expenses increased \$1.4 million mainly due to an increase in variable costs for the State Water Project as a result of increased water deliveries as compared to the prior year and an increase in Operations, Maintenance and Replacement costs for the State Water Project.
- Pumping expenses increased \$0.6 million mainly due to increased power costs.
- General and administrative expenses decreased \$2.1 million mainly due to decreased pension and other post-employment benefit costs.
- Nonoperating revenues increased 9.0% primarily due to an increase in property taxes and investment income.
- Nonoperating expenses increased \$10.6 million due to the unrealized loss on investments.
- Capital contributions decreased \$0.2 million as a result of a decrease in new and/or existing developer projects completed in the Agency's service area.
- The Agency had 23,441 active water services at June 30, 2022. This represents a net increase of 271 active meters during the year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2023 and 2022, the Agency had \$486.6 million and \$476.1 million, respectively (or \$214.9 million and \$212.4 million, net of accumulated depreciation) invested in a broad range of capital assets and construction in progress, including land, water transportation facilities, water storage facilities, water treatment facilities, reclamation facilities, water rights, water buildings, and equipment (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$2.5 million or 1.2 percent over last year.

**Table 3**  
**Capital Assets**  
**(in Millions)**

	June 30,		
	2023	2022	2021
State Water Project	\$ 137.8	\$ 132.4	\$ 126.8
Mains	111.1	109.3	108.9
Wells, intakes, pumps	25.7	25.7	25.8
Water reclamation	29.6	29.6	29.6
Water transportation facilities	25.6	25.6	25.6
Wastewater transportation facilities	23.3	23.1	23.0
Hydro- electric plants	5.1	5.1	5.1
Water treatment	3.1	3.1	3.1
Services	24.1	22.7	21.6
Meters	8.7	8.0	6.9
Fire service and hydrants	17.8	17.5	17.2
Reservoirs	17.6	17.6	17.7
Structures and improvements	21.9	21.7	21.7
Building	4.2	4.1	4.1
Equipment	12.9	12.6	12.5
Land	12.1	12.1	12.1
Construction in progress	6.0	5.9	3.9
Accumulated depreciation	(271.7)	(263.7)	(256.2)
Total capital assets, net	<u>\$ 214.9</u>	<u>\$ 212.4</u>	<u>\$ 209.4</u>

Fiscal year 2023 major capital assets additions included:

- \$5.4 million increase in State Water Project
- \$1.8 million increase in mains
- \$1.4 million increase in services
- \$0.7 million increase in meters
- \$0.3 million increase in fire service and hydrants
- \$0.3 million increase in equipment

Fiscal year 2022 major capital assets additions included:

- \$5.6 million increase in State Water Project
- 0.4 million increase in mains
- \$1.1 million increase in services
- \$1.1 million increase in meters
- \$0.3 million increase in fire services and hydrants
- \$2.0 million increase in construction in progress

Additional information regarding capital assets is provided in Note 5 of the Notes to the Financial Statements.

## **DEBT**

Long-term debt consists of Water Revenue Advanced Refunding Bonds ("WRARB") debt issue at June 30, 2023 and 2022.

### **Water Revenue Refunding Bonds, Series 2016**

**Table 4**  
**Water Revenue Advanced Refunding Bonds**

	<u>2023</u>	<u>2022</u>
Total Water Revenue Advanced Refunding Bonds issued June 29, 2016	\$ 19,720,000	\$ 19,720,000
Principal debt repayment in prior years	(4,245,000)	(3,500,000)
Principal debt repayment in current year	<u>(780,000)</u>	<u>(745,000)</u>
Water Revenue Advanced Refunding Bonds outstanding as of June 30, 2023	<u>\$ 14,695,000</u>	<u>\$ 15,475,000</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Agency's taxable assessed value (TAV) for 2022/2023 increased by \$2.1 billion (10.4 percent) over the 2021/2022 taxable assessed value. This growth rate was up from the TAV increase of 8.7 percent in 2021/2022. Over the past ten years, taxable assessed valuations have increased 6.7 percent per year on average.

The Agency continues an aggressive capital improvement and planned maintenance project program, according to the Agency's General plan, in order to address the Agency's aging infrastructure.

Future, required conservation measures may have a negative impact on water revenues. In order to mitigate this risk the Agency has adopted a Revenue Stabilization Rate and a Drought Rate. If the Agency experiences a decrease in revenue due to required conservation or other events, the Board may elect to impose the one of these rates in order to increase water revenues to meet operational needs. This, in conjunction with reserves, provides a solid financial position for the Agency.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at: Desert Water Agency, 1200 Gene Autry Trail South, Palm Springs, California.

## **BASIC FINANCIAL STATEMENTS**

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**Desert Water Agency**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	<u>2023</u>	<u>2022</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 26,785,545	\$ 26,868,934
Investments	123,882,528	119,385,068
Accounts receivable		
Utility	2,131,991	3,140,376
Property taxes	1,277,419	937,258
Other governmental agencies	290,541	61,254
Other	154,606	153,690
Inventories	2,175,816	1,763,653
Lease receivable	151,810	140,108
Other current assets	<u>2,400,063</u>	<u>1,639,960</u>
Total current assets	<u>159,250,319</u>	<u>154,090,301</u>
<b>Noncurrent assets</b>		
Restricted cash and cash equivalents	14,332,270	28,943,556
Restricted investments	116,485,462	70,270,591
Long-term receivables	1,674	162,394
Lease receivable	2,010,360	2,207,098
Depreciable capital assets, net	196,875,016	194,439,744
Nondepreciable capital assets	<u>18,044,538</u>	<u>17,941,166</u>
Total noncurrent assets	<u>347,749,320</u>	<u>313,964,549</u>
Total assets	<u>506,999,639</u>	<u>468,054,850</u>
<b>Deferred outflows of resources</b>		
Pension related	8,608,114	5,033,827
Other post employment benefits (OPEB) related	2,049,572	3,315,939
Deferred loss on refunding	<u>941,806</u>	<u>1,014,252</u>
Total deferred outflows of resources	<u>11,599,492</u>	<u>9,364,018</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 518,599,131</u>	<u>\$ 477,418,868</u>

(Continued)

*See notes to financial statements.*

**Desert Water Agency**  
**Statements of Net Position (Continued)**  
**June 30, 2023 and 2022**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
	<u>2023</u>	<u>2022</u>
<b>Current liabilities</b>		
Accounts payable	\$ 4,173,146	\$ 2,257,112
Payable to other governmental agencies	85,526	86,214
Current portion of long-term debt	800,000	780,000
Customer deposits	2,250,024	2,345,401
Other current liabilities	<u>339,877</u>	<u>110,267</u>
Total current liabilities	<u>7,648,573</u>	<u>5,578,994</u>
<b>Long-term liabilities</b>		
OPEB liability	19,011,824	23,161,439
Net pension liability	15,925,749	6,979,956
Other employee benefits payable	1,594,896	1,452,520
Long-term debt, net of current portion	<u>15,210,879</u>	<u>16,112,101</u>
Total long-term liabilities	<u>51,743,348</u>	<u>47,706,016</u>
Total liabilities	<u>59,391,921</u>	<u>53,285,010</u>
<b>Deferred inflows of resources</b>		
Pension related	1,593,808	7,379,988
OPEB related	8,981,225	9,235,077
Lease related	<u>2,128,809</u>	<u>2,351,252</u>
Total deferred inflows of resources	<u>12,703,842</u>	<u>18,966,317</u>
<b>Net position</b>		
Net investment in capital assets	214,720,119	212,228,315
Restricted	128,567,708	94,523,346
Unrestricted	<u>103,215,541</u>	<u>98,415,880</u>
Total net position	<u>446,503,368</u>	<u>405,167,541</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 518,599,131</u>	<u>\$ 477,418,868</u>

*See notes to financial statements.*

**Desert Water Agency**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating revenues</b>		
Water sales	\$ 41,888,879	\$ 42,519,424
Water services	1,966,849	2,173,478
Government grants	241,703	781,367
Hydroplant revenues	93,727	107,992
Fines and fees	408,300	340,050
Reclamation sales/ services	895,990	1,212,480
	<u>45,495,448</u>	<u>47,134,791</u>
<b>Operating expenses</b>		
Source of supply	14,348,559	13,455,362
Pumping	4,962,228	4,382,413
Water treatment	1,109,190	869,423
Transmission and distribution	3,540,725	2,939,952
Customer accounts	1,148,274	994,269
Water reclamation	1,152,872	1,203,590
Regulatory	378,864	361,092
Administration and general	15,484,956	11,396,125
Other operating expenses	990,583	1,089,162
Depreciation and amortization	8,311,756	8,103,168
	<u>51,428,007</u>	<u>44,794,556</u>
Operating income (loss)	<u>(5,932,559)</u>	<u>2,340,235</u>
<b>Nonoperating revenues (expenses), net</b>		
Property taxes	45,286,416	37,266,049
Unrealized losses on investments	(2,553,122)	(10,608,111)
Net investment return	4,118,702	1,955,808
Interest expense	(633,347)	(661,450)
Losses on retirement of capital assets	(20,466)	(167,751)
Other	658,499	927,822
	<u>46,856,682</u>	<u>28,712,367</u>
Total nonoperating revenues (expenses), net	<u>46,856,682</u>	<u>28,712,367</u>
Increase in net position, before capital contributions	<u>40,924,123</u>	<u>31,052,602</u>

(Continued)

See notes to financial statements.

**Desert Water Agency**  
**Statements of Revenues, Expenses and Changes in Net Position (Continued)**  
**Years ended June 30, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<b>Capital contributions</b>		
Contributions of property	\$ 408,283	\$ 710,172
Capacity charges	<u>3,421</u>	<u>1,250</u>
Total capital contributions	<u>411,704</u>	<u>711,422</u>
Increase in net position	41,335,827	31,764,024
<b>Net position</b>		
Beginning of year	<u>405,167,541</u>	<u>373,403,517</u>
<b>Net position, end of year</b>	<u>\$ 446,503,368</u>	<u>\$ 405,167,541</u>

*See notes to financial statements.*

**Desert Water Agency**  
**Statements of Cash Flows**  
**Years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 45,578,870	\$ 46,802,951
Cash paid to suppliers and employees	<u>(44,792,856)</u>	<u>(43,132,816)</u>
Net cash provided by operating activities	<u>786,014</u>	<u>3,670,135</u>
<b>Cash flows from noncapital financing activities</b>		
Property taxes	<u>44,946,255</u>	<u>37,252,392</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(10,870,866)	(11,245,790)
Principal paid on long-term debt	(760,000)	(745,000)
Interest paid on long-term debt	(682,123)	(690,224)
Capacity charges	3,421	1,250
Other revenue	832,011	1,415,551
Proceeds from lease	<u>197,364</u>	<u>226,491</u>
Net cash used in capital and related financing activities	<u>(11,280,193)</u>	<u>(11,037,722)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(84,526,409)	(58,542,213)
Proceeds from maturing investments and return of principal	31,260,956	13,962,130
Interest on investments	<u>4,118,702</u>	<u>1,955,808</u>
Net cash used in investing activities	<u>(49,146,751)</u>	<u>(42,624,275)</u>
<b>Net decrease in cash and cash equivalents</b>	(14,694,675)	(12,739,470)
<b>Cash and cash equivalents, beginning of year</b>	<u>55,812,490</u>	<u>68,551,960</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 41,117,815</u>	<u>\$ 55,812,490</u>

(Continued)

*See notes to financial statements.*

**Desert Water Agency**  
**Statement of Cash Flows (Continued)**  
**Years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of cash and cash equivalents to statements of net position</b>		
Unrestricted cash and cash equivalents	\$ 26,785,545	\$ 26,868,934
Restricted cash and cash equivalents	<u>14,332,270</u>	<u>28,943,556</u>
Total cash and cash equivalents	<u>\$ 41,117,815</u>	<u>\$ 55,812,490</u>
<b>Reconciliation of operating revenue (loss) to net cash provided by operating activities</b>		
Operating income (loss)	(5,932,559)	2,340,235
Adjustments to reconcile operating revenue (loss) to net cash provided by operating activities		
Depreciation and amortization	8,311,756	8,103,168
Changes in operating assets and liabilities		
Accounts receivable:		
Utility	1,008,385	(169,614)
Other governmental agencies	(229,287)	(14,236)
Other	159,804	29,863
Inventories	(412,163)	(466,285)
Other current assets	(760,103)	(525,329)
Deferred outflows - pension related	(3,574,287)	629,640
Deferred outflows - OPEB related	1,266,367	1,258,146
Accounts payable	1,916,034	(1,220,213)
Payable to other governmental agencies	(688)	(1,588)
Customer deposits	(95,377)	347,476
Other current liabilities	229,610	(293,800)
OPEB liability	(4,149,615)	(10,076,029)
Net pension liability	8,945,793	(8,824,134)
Employee benefits payable	142,376	(7,491)
Deferred inflows - pension related	(5,786,180)	6,075,949
Deferred inflows - OPEB related	<u>(253,852)</u>	<u>6,484,377</u>
Net cash provided by operating activities	<u>\$ 786,014</u>	<u>\$ 3,670,135</u>
<b>Noncash capital, financing, and investing activities</b>		
Contributed capital assets	<u>\$ 408,283</u>	<u>\$ 710,172</u>
Unrealized loss on investments	<u>\$ 2,553,122</u>	<u>\$ 10,608,111</u>

*See notes to financial statements.*

**NOTE 1      REPORTING ENTITY**

The reporting entity includes all the funds of the Desert Water Agency (the Agency). The Agency is a special district created for the purpose of importing water and delivery of water to consumers within its service area. The Agency was founded as a groundwater management agency in the western Coachella Valley and started providing water service to customers in Palm Springs and Cathedral City. The Agency is governed by a five-member Board of Directors.

The Agency and the Desert Water Agency Financing Corporation (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, for inclusion of the Corporation as a blended component unit of the Agency. Accordingly, the financial activities of the Corporation have been included in the financial statements of the Agency.

The following are those aspects of the relationship between the Agency and the Corporation which satisfy GASB Statement No. 39 criteria:

- A. The Corporation's board of directors was appointed by the Agency's board of directors.
- B. The Agency is able to impose its will upon the Corporation, based on the following:
  - The Corporation has no employees. The Agency's general manager functions as an agent of the Corporation. The general manager does not receive additional compensation for work performed in this capacity.
  - The Agency exercises significant influence over the operations of the Corporation as it is anticipated that the Agency will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that the Agency's lease payments will be the sole revenue source of the Corporation, with the exception of interest earned in the Corporation's trust accounts.
  - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the Agency.
- C. The Corporation provides specific financial benefits or imposes specific financial burdens on the Agency based upon the following:
  - Any deficits incurred by the Corporation will be reflected in the lease payments of the Agency and any surpluses of the Corporation revert to the Agency at the end of the lease period.
  - The Agency has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

**NOTE 1            REPORTING ENTITY (CONTINUED)**

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on August 31, 2007. The Corporation was formed for the sole purpose of providing financing assistance to the Agency. Under an installment purchase agreement, the Corporation obtained title to certain Agency water project improvements. At the end of the installment purchase arrangement in 2037, the title of all Corporation property will pass to the Agency for no additional consideration.

**NOTE 2            SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Measurement Focus**

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing goods or services to the general public on a continuing basis (including depreciation) be financed or recovered primarily through user charges. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. An enterprise fund is accounted for on the flow of economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the activity (whether current or noncurrent) are included on the statement of net position.

The Agency distinguishes operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by water sales and wastewater services while operating expenses pertain directly to the furnishing of those services. Nonoperating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and wastewater treatment services.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Basic Financial Statements**

The basic financial statements are comprised of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the related notes to the financial statements.

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Agency considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. The Agency invests funds with the State of California's Local Agency Investment Fund (LAIF). Due to the high liquidity of this investment, the funds are classified as cash equivalents. For credit risk purposes, the fund is not rated.

**Restricted Cash and Cash Equivalents and Restricted Investments**

Restricted cash and cash equivalents represent money paid to the Agency as a deposit for water infrastructure to be installed by the Agency on behalf of customers as well as property tax funds and replenishment assessment charges collected which are restricted for the State Water Project.

**Investments**

Investments are reported in the accompanying statements of net position at fair value based on the last reported sales price published on the national exchange. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**Accounts Receivable**

Accounts receivable are reported at their net realizable value, less an allowance for uncollectible accounts, if deemed necessary. The Agency uses the allowance method for the write-off of bad debts. The Agency considers such factors as historical trends for collections and knowledge of financial stability of debtors to establish the allowance for doubtful accounts. Receivables are written off when management determines that the amount will not be collectible. As of June 30, 2023 and 2022, no allowance for uncollectible accounts receivable was considered necessary as all accounts receivable were deemed fully collectable.

**Inventories**

Inventories consist primarily of water meters, pipes, and pipe fittings for construction and repair of the Agency's water transmission and distribution system. Inventories are valued at cost using the average cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed. As of June 30, 2023 and 2022, no reserve for inventories was deemed necessary based on management's evaluation of the Agency's inventories.

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes**

The County of Riverside (County) Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the Agency's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1.0 percent of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

	January 1
Lien date:	On July 1 for July 1 to June 30
Levy date:	November 1 - 1st installment
Due date:	February 1 - 2nd installment
	December 10 - 1st installment
Collection date:	April 10 - 2nd installment

**Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$10,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution system	50 years
Service lines	33-1/3 years
Wells and water treatment equipment	5 to 25 years
Other equipment and vehicles	5 to 11 years

Capitalized State Water Project costs are amortized over forty-five years.

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Right to Use Assets**

The Agency has recorded right to use leased assets as a result of implementing GASB Statement No. 87, *Leases*, as of and for the year ended June 30, 2022. The right to use assets are initially measured at an amount equal to the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the term of the related leases or the useful life of the underlying assets, whichever is shorter.

**Employee Benefits Payable**

Employees of the Agency are entitled to paid vacation and paid attendance benefits, depending on length of service and other factors. The liability for these benefits has been accrued as employee benefits payable in the accompanying statements of net position. Vacation is accrued beginning on the first day of employment and ranges from 8 to 13.34 hours per month based on longevity with the Agency. The Agency is not liable to pay vacation hours accrued until the employee has been employed for six months. Employee Attendance Bonus Plan hours accrue monthly. The employees have an opportunity to earn a maximum of 80 hours per year in this plan.

**Pension Accounting**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by California Public Employees' Retirement System ("CalPERS") Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

*Net Investment in Capital Assets (including State Water Project costs)* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.

*Restricted Net Position* - This component of net position consists of net position that is constrained by externally imposed requirements of creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions of enabling legislation.

*Unrestricted Net Position* - This component of net position does not meet the definition of restricted or net investment in capital assets.

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Policies**

The Agency adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68), provides requirements for how pension costs and obligations are measured and reported in the basic financial statements. When an organization's pension liability exceeds the pension plan's net position available for paying benefits, there is a net pension liability which must be reported in the basic financial statements. In addition, GASB 68 requires that projected benefit payments be discounted to their actuarial present value using a single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to achieve that rate and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions under (1) are not met.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

**Recent Accounting Pronouncements**

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The statement is effective for the reporting periods beginning after December 15, 2019, or fiscal year 2021. The Agency implemented GASB 87 as of and for the year ended June 30, 2022.

**NOTE 2            SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. As of June 30, 2023, the adoption of this statement did not have a material impact on the Agency's financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)* (GASB 96), which addresses new accounting and financial reporting requirements for SBITA for governments. SBITA which was previously recognized as an outflow of resources based on the payment provisions of the contract will be recognized as an intangible right-to-use subscription asset and a corresponding subscription liability. GASB 96 also provides criteria for outlays other than subscription payments, including implementation costs of a SBITA. The statement is effective for reporting periods beginning after June 2022. As of June 30, 2023, the adoption of this pronouncement did not have a material impact on the Agency's financial statements.

GASB has issued the below statements which may affect the Agency's financial reporting requirements in the future. The Agency is currently evaluating these statements to determine the potential impact that these statements will have on the Agency's financial statements.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Errors Corrections – an amendment of GASB Statement No. 62*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections, the required disclosure in the notes to the financial statements, and how information that is affected by a change in accounting principle or error correction should be presented in the required supplementary information (RSI) and supplementary information (SI). The statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

**NOTE 3      STATE WATER PROJECT**

The Agency has contracted with the State Department of Water Resources to participate in the State Water Project to convey water from Northern California into the Southern California area. This participation requires payments in varying amounts by the Agency for many years into the future, including capital costs in connection with the transportation facilities, operations and maintenance ("OMP&R") costs, and variable costs for the actual delivery of water. The Agency's total future payments have been estimated at June 30, 2023 by the State Department of Water Resources through 2035 as follows:

Water system revenue bond surcharge	\$ 15,603,597
Conservation charges:	
Capital cost component (principal and interest)	5,425,277
Delta water charges	63,673,652
Transportation charges:	
Capital cost component (principal and interest)	45,929,798
Minimum operations, maintenance, power, and replacement (OMP&R)	87,855,753
Variable OMP&R	96,544,364
Off- aqueduct facility charges	223,519
East branch enlargement transportation charges:	
Capital cost component	4,396,206
Minimum OMP&R	<u>7,258,772</u>
Total estimated future payments	<u>\$ 326,910,938</u>

**NOTE 3      STATE WATER PROJECT (CONTINUED)**

As of June 30, 2023, the Agency has been billed formally through calendar year 2024 only. The policy of the Agency is not to accrue any amounts which are due after the fiscal year-end. The payments which have been billed but are not due until after the fiscal year-end are approximately as follows:

Capital cost component (delta water and transportation charges):	
Due July 1, 2023	\$ 1,912,536
Due January 1, 2024	2,344,252
Due July 1, 2024	2,344,250
Minimum OMP&R component:	
Water supply (delta water and transportation charges):	
Monthly payments of \$830,786 from July 1 to December 31, 2023	4,984,716
Monthly payments of \$1,061,210 for the calendar year 2024	12,734,518
Off- aqueduct power facilities:	
Monthly payments of \$7,015 from July 1 to December 31, 2023	42,090
Monthly payments of \$13,863 for the calendar year 2024	166,360
East Branch Enlargement Facilities:	
Monthly payments of \$63,075 from July 1 to December 31, 2023	378,450
Monthly payments of \$51,941 for the calendar year 2024	623,293
Estimated variable OMP&R component (water delivery charges):	
Monthly payments of \$605,136 from July 1 to December 31, 2023	3,630,817
Monthly payments of \$933,644 for the calendar year 2024	11,203,724
Water system revenue bond surcharge and 25 percent bond cover charge:	
Due July 1, 2023	695,714
Due January 1, 2024	760,266
Due July 1, 2024	760,265
Allocated capital costs of Tehachapi second afterbay facilities:	
Due September 1, 2023	48,150
Due March 1, 2024	48,415
Due September 1, 2024	48,415
Allocated capital costs of east branch enlargement:	
Due September 1, 2023	712,513
Due March 1, 2024	137,893
Due September 1, 2024	<u>872,129</u>
Total amounts billed but not yet due	<u>\$ 44,448,766</u>

The Agency has committed to purchase supplemental State Water Project water supply as they become available in the future. The future payments for this excess water are not determinable at this time.



**NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Investments Authorized by the Agency's Investment Policy**

Under the provisions of the Agency's investment policy adopted by Board Resolution No. 1301 in June 2023, which is in accordance with California Government Code Sections 53600 through 53686 et seq., the types of investments authorized for deposit are identified in the following table. Also, the following tables identify certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio	Maximum Investment in one Issuer	Maximum Credit Quality
U.S. Treasury Obligations	5 years	100%	100%	None
U.S. Agency Obligations	5 years	100%	100%	None
Local Agency Bonds	5 years	100%	100%	None
State Obligations	5 years	100%	100%	None
Bankers' Acceptances	180 days	40%	30%	None
Commercial Paper when DWA Portfolio is Under \$100mm	270 days	25%	Gov Code 53601(h)(2)(c)	Highest letter by an NRSRO
Commercial Paper when DWA Portfolio is Over \$100mm	270 days	40%	Gov Code 53601(h)(2)(c)	Highest letter by an NRSRO ***
Negotiable certificates of deposit (CD's)	5 years	30%	Gov Code Sect 53638	None
Non-Negotiable Certificates of deposit (CD's)	5 years	20 million one bank	Gov Code Sect 53638	None
Repurchase Agreements	1 year	100%	100%	None
Medium Term Notes of U. S. Corps. (Corporate Notes)	5 years	30%	10%	A or better
Mutual Funds and Money Market Mutual Funds	None	20%	100%	Highest letter or numerical rating
Obligations Issued by Desert Water Agency	5 years**	100%	100%	None
Local Agency Investment Fund (LAIF)	None	100%	100%	None

\* Average life of portfolio at any time shall not exceed five years.

\*\* Unless Board approval 3 months in advance.

\*\*\* NRSRO is defined as Nationally Recognized Statistical Ratings Organizations

**NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

Investments in any one issuer, other than U.S. Treasury Securities and LAIF that represent 5 percent or more of the total investments of the Agency as of June 30, 2023 and 2022 are as follows:

Issuer	Investment Type	2023	2022
Federal Farm Credit	U. S. agency securities	\$ 32,780,316	\$ 29,129,257
Federal National Mortgage Association	U. S. agency securities	16,687,151	17,834,818
Federal Home Loan Mortgage Corporation	U. S. agency securities	28,324,292	25,729,692
Federal Home Loan Bank	U. S. agency securities	78,792,450	58,873,585

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of highlighting exposure to interest rate risk, the fair value of investments is reported quarterly to the Board. Investments' fair value and effective duration (in years) at June 30, 2023 and 2022 are as follows:

Authorized Investment Type	2023		2022	
	Fair Value	Duration	Fair Value	Duration
U.S. Agency Obligations	\$ 160,278,650	1.90	\$ 134,410,530	2.65
Corporate Notes	54,504,295	2.29	46,878,029	1.99
Negotiable CD's	1,613,090	3.35	1,675,138	4.26
Local Agency Bonds	8,330,217	3.26	3,800,712	3.03
U.S. Treasury Obligations	15,641,738	0.88	2,891,250	1.35

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk (Continued)**

Presented below is the actual rating by Standard and Poor's as of June 30 for each of the Agency's investment types:

<u>Authorized Investment</u>	<u>2023</u>	<u>2022</u>
AAA:		
Corporate Notes	\$ 2,883,906	\$ 4,994,554
AA (1-3):		
U.S. Agency Obligations	156,311,784	134,410,530
Corporate Notes	29,419,705	21,616,153
Local Agency Bonds	8,330,217	3,800,712
U.S. Treasury Obligations	5,763,281	2,891,250
A (1-3):		
Corporate Notes	22,200,684	20,267,322
Negotiable Certificates of Deposit	685,111	707,448
U.S. Agency Obligations	3,966,866	-
U.S. Treasury Obligations	9,878,457	-
BBB (1-3):		
Negotiable Certificates of Deposit	696,495	967,690
Not Rated:		
Negotiable Certificates of Deposit	231,484	-
Exempt from Disclosure:		
Local Agency Investment Funds	39,562,732	55,678,828
Total Investments	<u>\$ 279,930,722</u>	<u>\$ 245,334,487</u>

**Fair Value of Investments**

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

**NOTE 4      CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Fair Value of Investments (Continued)**

The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1    Inputs to the valuation methodology are unadjusted quoted prices for identical assets as of the measurement date in active markets that the Agency has the ability to access.
- Level 2    Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3    Inputs to the valuation methodology are unobservable and include situations where there is little, if any, market activity for the investment.

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Obligations of U.S. government agencies* - Valued at the closing price reported in the active market on which the individual securities are traded.

*Negotiable certificates of deposit* - Valued at the closing price reported on the active market on which the negotiable paper is traded.

*Corporate notes* - Valued at the closing price reported on the active market on which the notes are traded.

*Municipal bonds* - Valued at the coded price reported in the active markets for identical assets.

*U.S. Treasury* - Valued at the coded price reported in the active markets for identical assets.

*California State Treasurer Local Agency Investment Fund (LAIF)* - The Agency is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members, with the Treasurer of the State of California serving as chairman. The fair value of the Agency's position in the pool approximates the value of the pool shares. LAIF is not subject to fair value leveling.

**NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Fair Value of Investments (Continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
U.S. Agency Obligations \$	-	\$ 160,278,650	-	\$ 160,278,650
Negotiable Certificate of Deposit	-	1,613,090	-	1,613,090
Corporate Notes	-	54,504,295	-	54,504,295
Local Agency Bonds	-	8,330,217	-	8,330,217
U.S. Treasury Obligations	-	15,641,738	-	15,641,738
	-	240,367,990	-	240,367,990
Not subject to leveling - LAIF	-	-	-	39,562,732
Total	\$ -	\$ 240,367,990	\$ -	\$ 279,930,722

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
U.S. Agency Obligations \$	-	\$ 134,410,530	-	\$ 134,410,530
Negotiable Certificate of Deposit	-	1,675,138	-	1,675,138
Corporate Notes	-	46,878,029	-	46,878,029
Local Agency Bonds	-	3,800,712	-	3,800,712
U.S. Treasury Obligations	-	2,891,250	-	2,891,250
	-	189,655,659	-	189,655,659
Not subject to leveling - LAIF	-	-	-	55,678,828
Total	\$ -	\$ 189,655,659	\$ -	\$ 245,334,487

**NOTE 4            CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Fair Value of Investments (Continued)**

At June 30, 2023 and 2022, the Agency had no investments in repurchase and reverse repurchase agreements and did not invest in such during the years then ended. The balance available for withdrawal in LAIF is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no limitations on the withdrawal of these funds.

**Desert Water Agency**  
**Notes to Financial Statements**  
**Years ended June 30, 2023 and 2022**

**NOTE 5 CAPITAL ASSETS**

For the year ended June 30, 2023, the changes in the Agency's capital assets were as follows:

	Balance 7/1/2022	Additions	Disposals/ Transfers	Balance 6/30/2023
Nondepreciable assets:				
Land	\$ 12,070,625	\$ -	-	\$ 12,070,625
Construction in Progress	5,870,541	2,429,648	(2,326,276)	5,973,913
Total nondepreciable assets	17,941,166	2,429,648	(2,326,276)	18,044,538
Depreciable assets:				
State Water Project	132,422,668	5,382,312	-	137,804,980
Mains	109,274,199	1,866,857	(45,202)	111,095,854
Wells, intakes, pumps	25,731,333	-	-	25,731,333
Water reclamation	29,562,788	18,814	-	29,581,602
Water transportation facilities	25,605,867	-	-	25,605,867
Wastewater transportation facilities	23,132,609	161,962	-	23,294,571
Hydro-electric plants	5,096,112	-	-	5,096,112
Water treatment	3,128,301	-	-	3,128,301
Services	22,667,558	1,608,974	(178,764)	24,097,768
Meters	7,978,906	887,171	(111,941)	8,754,136
Fire services and hydrants	17,461,406	348,241	(6,470)	17,803,177
Reservoirs	17,655,354	-	-	17,655,354
Structures and improvements	21,726,179	125,692	-	21,851,871
Building	4,096,254	97,488	-	4,193,742
Equipment	12,612,987	285,653	-	12,898,640
Other	19,695	-	-	19,695
Total depreciable assets	458,172,216	10,783,164	(342,377)	468,613,003
Total capital assets	\$ 476,113,382	\$ 13,212,812	\$ (2,668,653)	\$ 486,657,541
Less accumulated depreciation:				
State Water Project	\$ (100,031,091)	\$ (836,582)	-	\$ (100,867,673)
Mains	(47,769,836)	(1,940,961)	44,089	(49,666,708)
Wells, intakes, pumps	(15,283,958)	(573,726)	-	(15,857,684)
Water reclamation	(21,058,758)	(697,809)	-	(21,756,567)
Water transportation facilities	(4,328,679)	(243,524)	-	(4,572,203)
Wastewater transportation facilities	(8,530,377)	(577,307)	-	(9,107,684)
Hydro-electric plants	(4,957,199)	(16,209)	-	(4,973,408)
Water treatment	(2,195,571)	(69,088)	-	(2,264,659)
Services	(10,391,322)	(746,080)	165,178	(10,972,224)
Meters	(2,302,131)	(298,365)	82,177	(2,518,318)
Fire services and hydrants	(9,148,154)	(395,908)	5,460	(9,538,602)
Reservoirs	(11,383,587)	(378,342)	-	(11,761,929)
Structures and improvements	(12,455,773)	(761,262)	-	(13,217,035)
Building	(3,122,122)	(138,187)	-	(3,260,309)
Equipment	(10,773,914)	(629,069)	-	(11,402,983)
Total accumulated depreciation	(263,732,472)	(8,302,419)	296,905	(271,737,987)
Total depreciable assets, net	194,439,744	2,480,745	(45,472)	196,875,016
Total capital assets, net	\$ 212,380,910	\$ 4,910,393	\$ (2,371,748)	\$ 214,919,554

**Desert Water Agency**  
**Notes to Financial Statements**  
**Years ended June 30, 2023 and 2022**

**NOTE 5 CAPITAL ASETS (CONTINUED)**

For the year ended June 30, 2022, the changes in the Agency's capital assets were as follows:

	Balance 7/1/2021	Additions	Deletions/ Transfers	Balance 6/30/2022
Nondepreciable assets:				
Land	\$ 12,070,625	\$ -	\$ -	\$ 12,070,625
Construction in Progress	3,907,939	2,223,843	(261,241)	5,870,541
Total nondepreciable assets	15,978,564	2,223,843	(261,241)	17,941,166
Depreciable assets:				
State Water Project	126,845,035	5,577,633	-	132,422,668
Mains	108,865,981	552,014	(143,796)	109,274,199
Wells, intakes, pumps	25,817,223	50,482	(136,372)	25,731,333
Water reclamation	29,596,101	-	(33,313)	29,562,788
Water transportation facilities	25,605,867	-	-	25,605,867
Wastewater transportation facilities	22,963,559	169,050	-	23,132,609
Hydro-electric plants	5,096,112	-	-	5,096,112
Water treatment	3,128,301	-	-	3,128,301
Services	21,575,668	1,357,467	(265,577)	22,667,558
Meters	6,941,053	1,089,054	(51,201)	7,978,906
Fire services and hydrants	17,231,566	308,709	(78,869)	17,461,406
Reservoirs	17,655,354	-	-	17,655,354
Structures and improvements	21,712,697	13,482	-	21,726,179
Building	4,093,009	3,245	-	4,096,254
Equipment	12,501,247	167,368	(55,628)	12,612,987
Other	19,695	-	-	19,695
Total depreciable assets	449,648,468	9,288,504	(764,756)	458,172,216
Total capital assets	\$ 465,627,032	\$ 11,512,347	\$ (1,025,997)	\$ 476,113,382
Less accumulated depreciation:				
State Water Project	\$ (99,319,063)	\$ (712,028)	\$ -	\$ (100,031,091)
Mains	(45,960,282)	(1,924,724)	115,170	(47,769,836)
Wells, intakes, pumps	(14,779,869)	(575,820)	71,731	(15,283,958)
Water reclamation	(20,391,653)	(699,085)	31,980	(21,058,758)
Water transportation facilities	(4,085,155)	(243,524)	-	(4,328,679)
Wastewater transportation facilities	(7,960,699)	(569,678)	-	(8,530,377)
Hydro-electric plants	(4,939,336)	(17,863)	-	(4,957,199)
Water treatment	(2,125,164)	(70,407)	-	(2,195,571)
Services	(9,914,831)	(707,643)	231,152	(10,391,322)
Meters	(2,070,525)	(265,436)	33,830	(2,302,131)
Fire services and hydrants	(8,807,036)	(393,317)	52,199	(9,148,154)
Reservoirs	(11,005,193)	(378,394)	-	(11,383,587)
Structures and improvements	(11,696,661)	(759,112)	-	(12,455,773)
Building	(2,983,049)	(139,073)	-	(3,122,122)
Equipment	(10,182,476)	(647,065)	55,627	(10,773,914)
Total accumulated depreciation	(256,220,992)	(8,103,169)	591,689	(263,732,472)
Total depreciable assets, net	193,427,476	1,185,335	(173,067)	194,439,744
Total capital assets, net	\$ 209,406,040	\$ 3,409,178	\$ (434,308)	\$ 212,380,910

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

**Construction in Progress**

The Agency has begun construction of pipeline projects and numerous other smaller projects. Upon completion of these projects, they will be placed in service and depreciation will commence. As of June 30, total costs expended to date and the total budget for the projects are summarized as follows:

	June 30,			
	2023		2022	
	Cost of Construction in Progress	Total Budget	Cost of Construction in Progress	Total Budget
Major projects	\$ 4,745,047	\$ 22,740,100	\$ 5,295,341	\$ 26,040,100
All other projects	1,228,866	5,239,486	575,200	3,177,508
Total	<u>\$ 5,973,913</u>	<u>\$ 27,979,586</u>	<u>\$ 5,870,541</u>	<u>\$ 29,217,608</u>

**Right to Use Assets**

The Agency has recorded right to use assets for leased vehicles. The right to use leased assets are amortized on a straight-line basis over the term of the related leases or useful life of the underlying assets, whichever is shorter. As of June 30, 2023 and 2022, the right to use leased assets of \$65,563 and \$62,461, respectively, and related accumulated depreciation of \$19,669 and \$8,328 respectively, are recorded as a component of capital assets, net.

**NOTE 6 LEASE RECEIVABLE**

The Agency has entered into property leases with various lessees with lease terms ranging from 5 to 20 years. Lease receivable is measured at the present value of lease payments expected to be received during the lease term. The discount rate used is equivalent to the Agency's average annual investment earnings rate for LAIF of 0.37 percent for fiscal year 2023 and 0.5 percent for fiscal year 2022.

Deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Deferred inflow of resources is amortized on a straight-line basis over the term of the related lease.

As of June 30, 2023 and 2022, the Agency has recorded a total lease receivable of \$2,162,170 and \$2,347,206, respectively, and the Agency recognized \$2,128,809 and \$2,351,252, respectively, of deferred inflow of resources.

**Desert Water Agency**  
**Notes to Financial Statements**  
**Years ended June 30, 2023 and 2022**

**NOTE 7 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2023 was as follows:

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023	Amount due within on year
Long- term debt (Note 8)					
Water revenue refunding					
bonds	\$ 15,475,000	\$	\$ (780,000)	\$ 14,695,000	\$ 800,000
Bond premium	1,417,101		(101,221)	1,315,880	-
Total long term debt	<u>16,892,101</u>	<u>-</u>	<u>(881,221)</u>	<u>16,010,880</u>	<u>800,000</u>
Other long- term liabilities					
Other employee benefits					
payable	1,452,520	142,376	-	1,594,896	-
OPEB liability (Note 13)	23,161,439	1,017,842	(5,167,457)	19,011,824	-
Net pension liability (Note 11)	6,979,956	8,945,793	-	15,925,749	-
Total long term liabilities	<u>\$ 48,486,016</u>	<u>\$ 10,106,011</u>	<u>\$ (6,048,678)</u>	<u>\$ 52,543,349</u>	<u>\$ 800,000</u>

Long-term liabilities activity for the year ended June 30, 2022 was as follows:

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022	Amount due within on year
Long- term debt (Note 8)					
Water revenue refunding					
bonds	\$ 16,220,000	\$ -	\$ (745,000)	\$ 15,475,000	\$ 780,000
Bond premium	1,518,322	-	(101,221)	1,417,101	-
Total long term debt	<u>17,738,322</u>	<u>-</u>	<u>(846,221)</u>	<u>16,892,101</u>	<u>780,000</u>
Other long- term liabilities				-	
Other employee benefits					
payable	1,460,011	-	(7,491)	1,452,520	-
OPEB liability (Note 13)	33,237,468	1,532,243	(11,608,272)	23,161,439	-
Net pension liability (Note 11)	15,804,090	-	(8,824,134)	6,979,956	-
Total long term liabilities	<u>\$ 68,239,891</u>	<u>\$ 1,532,243</u>	<u>\$ (21,286,118)</u>	<u>\$ 48,486,016</u>	<u>\$ 780,000</u>

**NOTE 8 LONG-TERM DEBT**

On June 29, 2016, the Desert Water Agency Financing Corporation issued \$19,720,000 Water Revenue Refunding Bonds, Series 2016 to provide funds to defease and advance refund the Agency's outstanding Certificates of Participation (Water System Improvement Project) Series 2007 (COPS) outstanding at that date in the amount of \$21,420,000 and to pay the debt issue costs. A premium of \$2,024,430, related to the new debt issue, was recognized and is being amortized over the life of the new debt issue of 20 years. Amortization expense for the premium on the new debt was \$101,221 for each of the years ended June 30, 2023 and 2022. The bonds are payable from and secured by the Agency's pledge of net revenues defined generally as gross revenues received from the Agency's water system. The bonds bear interest at various rates from 2 to 5 percent and are payable on May 1 and November 1 of each year commencing on November 1, 2016. The cost to retire the COPs was \$23,372,318 including debt issue costs. The refunding produced a loss on the advance refunding of the old debt in the amount of \$1,420,128 which has been recorded as deferred outflows of resources and is being amortized over the life of the new debt or 20 years. As of June 30, 2023 and 2022, the balance of the deferred loss on refunding was \$941,806 and \$1,014,252, respectively.

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

Future principal and interest payments for the Water Revenue Refunding Bonds Series 2016 as of June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest
2024	\$ 800,000	\$ 544,650
2025	830,000	512,650
2026	865,000	479,450
2027	895,000	444,850
2028 through 2032	5,150,000	1,567,500
2033 through 2037	6,155,000	564,750
	<u>\$ 14,695,000</u>	<u>\$ 4,113,850</u>

The Agency incurred bond interest expense for the years ended June 30, 2023 and 2022 in the amount of \$633,347 and \$661,450, respectively.

**NOTE 9 RESERVES AND DESIGNATIONS OF UNRESTRICTED NET POSITION**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, a governmental entity may establish "reserves" of unrestricted net position to segregate balances which are not available for expenditure in future periods, or which are legally set aside for a future specific use, or established to indicate tentative plans for financial resource utilization in future periods.

The Agency's reserves and designations of unrestricted net position at June 30 are presented below:

	2023	2022
Reserve for additional non-State Water Project (SWP) water	\$ 59,086,400	\$ 23,782,000
Reserve for operations	24,843,500	22,494,050
Reserve for replacements	13,106,800	11,652,800
Reserve for regulatory compliance	10,000,000	7,765,000
Reserve for land acquisition	5,675,000	5,675,000
Reserve for retirement benefits	5,000,000	5,000,000
Reserve for disaster response	2,000,000	2,000,000
Reserve State Water Project	-	493,654
Reserve for additional SWP water	-	10,493,000
Total designated	<u>119,711,700</u>	<u>89,355,504</u>
Undesignated (over designated)	<u>(16,496,159)</u>	<u>9,060,376</u>
Total unrestricted net position	<u>\$ 103,215,541</u>	<u>\$ 98,415,880</u>

**NOTE 10      JOINT VENTURES**

The Agency participates in a joint venture under a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The relationship between the Agency and the JPA is such that the JPA is not a component unit of the Agency for financial reporting purposes. Audited financial statements are available by contacting the JPIA at 2100 Professional Drive, Roseville, California 95661.

The JPIA arranges for and provides insurance coverage for its approximately 401 member districts. JPIA is governed by a board of directors and each member agency is required to designate one representative from its local board of directors to participate in the JPIA board. From the JPIA's board of directors, eight members of a nine-member executive committee are elected and delegated the authority to make JPIA's preliminary policy decisions relying upon input received from other standing and ad hoc committees and subcommittees.

These policy decisions, along with other matters such as financial and claims data, are ultimately brought before the full board for review and/or ratification. JPIA's board of directors controls the operations of the JPIA, including the selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board.

JPIA provides joint protection coverage for losses in excess of the member districts' individually specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of the Agency's specified self-insurance coverage limit are covered by excess insurance policies purchased from commercial insurance carriers (see also Note 14).

Condensed audited financial information of the JPIA as of and for the year ended September 30, 2022 and 2021 (most recent available) follows:

	<u>2022</u>	<u>2021</u>
Total assets	\$ 246,615,214	\$ 271,770,359
Deferred outflows of resources	6,108,562	1,189,142
Total assets and deferred outflows of resources	<u>\$ 252,723,776</u>	<u>\$ 272,959,501</u>
 Total liabilities	 \$ 137,126,606	 \$ 123,558,690
Deferred inflows of resources	2,813,249	(409,721)
Net position	112,783,921	149,810,532
Total liabilities, deferred inflows, and net position	<u>\$ 252,723,776</u>	<u>\$ 272,959,501</u>
 Total operating revenues	 \$ 209,690,228	 \$ 189,317,732
Total operating expenses	(212,646,028)	(174,760,456)
Total nonoperating revenues (expenses), net	(34,070,811)	11,566,049
Change in net position	<u>\$ (37,026,611)</u>	<u>\$ 26,123,325</u>

**NOTE 11      PENSION PLAN**

**General Information About the Pension Plan**

*Plan Description*

All qualified Agency employees are required to participate in the Desert Water Agency Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), unless they specifically opt out. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Agency selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, membership, and financial information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

*Benefits Provided*

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, with one year of credited service being equal to one year of full-time employment. All members are eligible for improved non-industrial disability benefits after five years of service. The Agency has chosen the Optional Settlement 2W Death Benefit.

*Contribution Description*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Agency's total employer contributions were \$3,159,032 and \$3,003,622 for the years ended June 30, 2023 and 2022, respectively.

Active plan members who were hired before January 1, 2013 are referred to as "Classic" employees. Beginning January 1, 2013, the Agency established two classes of employees, as dictated by the newly enacted Public Employees Pension Reform Act (PEPRA).

**NOTE 11      PENSION PLAN (CONTINUED)**

**General Information About the Pension Plan (Continued)**

*Contribution Description (Continued)*

The Plan's provisions and benefits in effect at June 30, 2023 and 2022 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5 percent at 55	2.0 percent at 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Final average compensation period	12 months	36 months
Sick leave credit	Yes	Yes
Retirement age	50 to 55	52 to 67
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Cost of living adjustment	2.00%	2.00%
Required employee contribution rates		
2023	8.0 percent	7.25 percent
2022	8.0 percent	7.25 percent
Required employer contribution rates		
2023	13.02% + \$1,204,322	7.76% + \$0
2022	12.99% + \$1,114,102	7.73% + \$1,939

**NOTE 11      PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

*Methods and Assumptions*

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2021 actuarial valuation. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP-2016. For more details on this table, please refer to the December 2017 CalPERS experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**NOTE 11      PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability  
(Continued)**

The table below reflects long-term expected real rate of return by asset class.

Asset Class <sup>1</sup>	Asset Allocation	Real Return <sup>1,2</sup>
Global equity - cap-weighted	30.00%	4.54%
Global equity - noncap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u><u>100.00%</u></u>	

<sup>1</sup>In CalPERS' ACFR, Commodities and REITs are included in Public Equity: TIPS are included in Fixed Income.

<sup>2</sup>An expected inflation of 2.30% used for this period.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 11      PENSION PLAN (CONTINUED)**

**Changes in the Net Pension Liability**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following table presents the net pension liability of the Plan as of the June 30, 2022 and 2021 measurement date calculated using the discount rate in effect at year end. The table also shows what the net pension liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current rate:

	Measurement Date	Discount Rate	Current Discount	Discount Rate
	June 30,	-1.00%		+1%
Net pension liability	2022	(5.90%)	(6.90%)	(7.90%)
		\$ 25,996,033	\$ 15,925,749	\$ 7,640,405
Net pension liability	2021	(6.15%)	(7.15%)	(8.15%)
		\$ 16,007,535	\$ 6,979,956	\$ (483,014)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

*Amortization of Deferred Outflows and Deferred Inflows of Resources*

Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss as follows:

Difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

**NOTE 11      PENSION PLAN (CONTINUED)**

**Pension Related Liabilities, Expense, and Deferred Outflows/Deferred Inflows of Resources**

The Agency's net pension liability is measured as the proportionate share of the net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability as of the June 30, 2022 measurement date was 0.34 percent. This represents a 0.01 percent change since the prior measurement date.

For the years ended June 30, 2023 and 2022, the Agency recognized pension expense of \$2,744,357 and \$885,077, respectively. At June 30, 2023 and 2022, the Agency's deferred inflows and outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2023	2022	2023	2022
Changes of assumptions	\$ 1,631,926	\$ -	\$ -	\$ -
Differences between expected and actual experience	319,820	782,727	(214,202)	-
Net differences between projected and actual investment earnings	2,917,174	-	-	(6,093,131)
Differences between employer's contributions and proportionate share of contributions	580,162	1,247,478	(1,584)	-
Change in employer's proportion	-	-	(1,378,022)	(1,286,857)
Pension contributions subsequent to measurement date	<u>3,159,032</u>	<u>3,003,622</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,608,114</u>	<u>\$ 5,033,827</u>	<u>\$ (1,593,808)</u>	<u>\$ (7,379,988)</u>

The amounts above are net of outflows and inflows recognized in the pension expense for the years ended June 30, 2023 and 2022. The \$3,159,032 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 911,396
2025	763,685
2026	395,949
2027	<u>1,784,244</u>
Total	<u>\$ 3,855,274</u>

**NOTE 12      DEFINED CONTRIBUTION PLAN AND DEFERRED COMPENSATION PLAN**

The Agency has a defined contribution plan and there is one employee eligible to participate in this plan (the “eligible employee”). All contributions by the Agency are fully vested upon receipt. The eligible employee cannot contribute directly to the defined contribution plan. The Agency contributes matching contributions to the defined contribution plan for any contributions the eligible employee makes to the defined contribution plan. The Agency contributed \$31,846 and \$26,652 to the defined contribution plan for the years ended June 30, 2023 and June 30, 2022, respectively.

There is also a deferred compensation plan under Internal Revenue Code (IRC) Section 457 available to Agency employees which the employees can voluntarily contribute to. The Agency makes contributions to the deferred compensation plan for certain eligible employees hired after May 1, 2007. The Agency contributed \$90,985 and \$86,650 to the deferred compensation plan for the years ended June 30, 2023 and 2022, respectively.

**NOTE 13      POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information About the OPEB Plan**

*Plan Description and Benefits Provided*

The Agency, a single employer, offers postemployment benefits through the Association of California Water Agencies Health Plans. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Employees who retire from the Agency on or after age 50, have at least 12 years of service, and were hired prior to May 1, 2007 are eligible for postemployment medical benefits. The Agency pays full retiree and spousal health premiums for eligible retirees. Surviving spouses of active employees at their time of death, whose sum of years of service and age equals 60 or above, will continue having premiums paid by the Agency for their lifetime. The Agency also pays full dental and vision premiums for eligible retirees, who have 25 years or more of Agency service, and their dependents.

*Employees Covered*

At June 30, 2022 (the measurement date), the following number of employees (including spouses) were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	81
Active employees	<u>27</u>
Total	<u><u>108</u></u>

**Total OPEB Liability**

The Agency's total OPEB liability of \$19,011,824 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

**NOTE 13 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)  
(CONTINUED)**

**Total OPEB Liability (Continued)**

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2022 (measurement date) actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increase	CalPERS salary scale for Miscellaneous employees hired at age 30
Discount rate	3.54%
Healthcare cost trend rates	The assumed future increases to the health costs and premiums are based on the "Getzen" model published by the Society of Actuaries. Dental and vision costs were assumed to increase at a rate of 3.50% per year.

The discount rate was based on the 20-year Bond GO Index as of the measurement date.

Mortality rates were based on statistics taken from the California PERS mortality rates which project generationally using 80% of Scale MP-2020.

All other actuarial assumptions used in the June 30, 2022 (measurement date) valuation were based on the results of the CalPERS valuation experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change in the Total OPEB Liability**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Balance, June 30, 2021 and 2020 (measurement date) \$	23,161,439	\$ 33,237,468
Changes for the year:		
Service Cost	514,837	789,682
Interest	503,005	742,561
Difference between expected and actual experience	-	(9,237,736)
Changes of assumptions	(4,385,333)	(1,511,619)
Benefit payments	(782,124)	(858,917)
Balance, June 30, 2022 and 2021 (measurement date) \$	<u>19,011,824</u>	<u>\$ 23,161,439</u>

Changes of assumptions reflect a change in the discount rate from 2.16 percent as of the June 30, 2021 measurement date to 3.54 percent as of the June 30, 2022 measurement date.

**NOTE 13 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Sensitivity of the total OPEB Liability to Changes in the Discount Rate*

The following presents the Agency's total OPEB liability, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rates:

	Discount Rate -1% 2.54%	Current Rate 3.54%	Discount Rate +1% 4.54%
Total OPEB liability	\$ 22,057,096	\$ 19,011,824	\$ 16,538,040

*Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the Agency's total OPEB liability, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Trend Rate -1%	Current Trend Rate	Trend Rate +1%
Total OPEB liability	\$ 16,122,458	\$ 19,011,824	\$ 22,683,213

For the years ended June 30, 2023 and 2022, the Agency recognized OPEB expense of (\$2,422,492) and \$1,533,884, respectively. The Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2023 and 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2023:		
Differences between expected and actual experience	\$ -	\$ (4,927,202)
Changes of assumptions	1,470,851	(4,054,023)
OPEB contributions subsequent to measurement date	578,721	-
Total	\$ 2,049,572	\$ (8,981,225)
June 30, 2022:		
Differences between expected and actual experience	\$ -	\$ (7,881,278)
Changes of assumptions	2,669,702	(1,353,799)
OPEB contributions subsequent to measurement date	646,237	-
Total	\$ 3,315,939	\$ (9,235,077)

**NOTE 13      POST-EMPLOYMENT      BENEFITS      OTHER      THAN      PENSIONS      (OPEB)**  
**(CONTINUED)**

The \$578,721 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (2,994,428)
2025	(3,349,771)
2026	(1,144,358)
2027	(21,817)
2028	-
Total	<u>\$ (7,510,374)</u>

**NOTE 14      RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance through participation in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) (see Note 10). The insurance purchased is for liability, property and workers' compensation insurance and there are various self-insured retention levels, similar to a deductible, per occurrence.

A summary of the Agency's self-insurance program is as follows:

- Property Loss - Insured up to the scheduled value with a \$25,000 deductible for buildings, personal property and fixed equipment and a \$5,000 deductible for mobile equipment.
- General and Auto Liability - Insured up to \$55,000,000 with aggregate policy limits. The JPIA is self-insured up to \$5,000,000 and excess insurance coverage has been purchased through the JPIA.
- Public Officials' Liability - Insured up to \$55,000,000 with aggregate policy limits. The JPIA is self-insured up to \$5,000,000 and excess insurance coverage has been purchased through the JPIA.
- Crime Liability - Insured up to \$100,000 for public employee theft, depositor's forgery or alteration and computer and funds transfer fraud with a deductible of \$1,000. The JPIA is self-insured up to \$100,000 and excess coverage has been purchased through the JPIA.

**NOTE 14      RISK MANAGEMENT (CONTINUED)**

- Cyber Liability - The Agency has purchased cyber liability coverage through the JPIA. The coverage limit is \$5,000,000.
- Workers' Compensation - Insured for statutory limits. Employer's liability is insured up to \$2,000,000 per occurrence. The JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased through the JPIA.

The Agency maintains separate Earthquake and Flood Insurance. Earthquake coverage includes a 5 percent or a \$50,000 minimum deductible. Flood coverage includes a \$50,000 deductible. The per occurrence and aggregate limit is \$37,579,374.

There have been no claims in excess of self-insurance coverage limits for the past 3 years.

**NOTE 15      COMMITMENT AND CONTINGENCIES**

Various claims and litigation involving the Agency are currently outstanding. The most significant activity is related to an action by the local tribe that is still pending in Federal District Court to adjudicate its reserved right to groundwater and its right to storage space beneath reservation lands. The outcome of these matters is not determinable at this time but could be significant if there is an unfavorable outcome.

The Agency has a \$13,796,066 contractual commitment as of June 30, 2023, related to constructing pipeline replacements. This commitment is due within the next fiscal year.

**NOTE 16      SUBSEQUENT EVENTS**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through December 14, 2023, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**Desert Water Agency**  
**Schedule of Pension Plan Contributions - Last 10 Years**  
**June 30, 2023**

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**Schedule of Pension Plan Contributions - Last 10 Years\***

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of covered employee payroll</u>
2023	\$ 2,159,032	\$ (3,159,032)	\$ (1,000,000)	\$ 8,882,791	35.56%
2022	2,003,622	(3,003,622)	(1,000,000)	8,153,827	36.84%
2021	2,262,927	(3,262,927)	(1,000,000)	7,721,227	42.26%
2020	2,121,647	(3,121,647)	(1,000,000)	7,253,560	43.04%
2019	1,849,946	(2,849,946)	(1,000,000)	7,026,860	40.56%
2018	1,586,919	(1,586,919)	-	6,050,470	26.23%
2017	1,461,680	(1,461,680)	-	6,021,869	24.27%
2016	1,379,325	(1,379,325)	-	5,952,152	23.17%
2015	1,208,856	(1,208,856)	-	5,808,831	20.81%

\*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**Desert Water Agency**  
**Schedule of the Agency's Proportionate Share**  
**of the Net Pension Liability - Last 10 Plan Years**  
**June 30, 2023**

**Schedule of the Agency's Proportionate Share of the Net Pension Liability - Last 10 Plan Years\***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2022	0.34%	\$ 15,925,749	\$ 8,882,791	179.29%	78.19%
2021	0.37%	6,979,956	8,153,827	85.60%	90.49%
2020	0.37%	15,804,090	7,721,227	204.68%	77.71%
2019	0.40%	15,957,880	7,253,560	220.00%	77.73%
2018	0.42%	15,975,305	7,026,860	227.35%	77.69%
2017	0.42%	16,466,171	6,050,470	272.15%	75.39%
2016	0.42%	14,563,532	6,021,869	241.84%	75.87%
2015	0.44%	12,000,195	5,952,152	201.61%	79.89%
2014	0.46%	11,449,416	5,808,831	197.10%	81.15%

\*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**Notes to the Pension Schedules:**

*Benefit Changes: None*

*Changes in Assumptions:* For the measurement date of June 30, 2017, the discount rate was changed from 7.65 percent to 7.15 percent. For the measurement date of June 30, 2018, the inflation rate was changed from 2.75 percent to 2.50 percent. For the measurement date of June 30, 2022, the inflation rate was changed from 2.50 percent to 2.30 percent and & discount rate changed to 6.90 percent.

**Desert Water Agency**  
**Schedule of Changes in the Agency's**  
**Total OPEB Liability and Related Ratios - Last Ten Plan Years\***  
**June 30, 2023**

**Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios - Last Ten Plan Years\***

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Balance beginning of year	\$23,161,439	\$33,237,468	\$28,314,463	\$29,198,670	\$29,766,869	\$32,704,594
Changes for the year						
Service Cost	514,837	789,682	585,056	631,297	664,025	809,859
Interest	503,005	742,561	996,782	1,137,027	1,076,226	947,450
Difference between expected and actual experience	-	(9,237,736)	-	(2,879,482)	(49,240)	-
Changes of assumptions	(4,385,333)	(1,511,619)	4,188,505	1,134,393	(1,413,861)	(4,102,481)
Benefit payments	(782,124)	(858,917)	(847,338)	(907,442)	(845,349)	(592,553)
Balance year-end	<u>\$19,011,824</u>	<u>\$23,161,439</u>	<u>\$33,237,468</u>	<u>\$28,314,463</u>	<u>\$29,198,670</u>	<u>\$29,766,869</u>
Covered Payroll	\$ 8,882,791	\$ 8,153,827	\$ 7,721,227	\$ 7,253,560	\$ 7,026,860	\$ 6,050,470
Plan net OPEB liability as a percentage of covered-employee payroll	214%	284%	430%	390%	416%	492%

\*Fiscal year 2018 was the first year of implementation, therefore, not all 10 years of information is available.

**Notes to the Schedule:**

*Changes of benefit terms: None*

*Changes of assumptions reflect a change in the discount rate for the following measurement dates:*

- June 30, 2017 - 2.85% to 3.58%
- June 30, 2018 - 3.58% to 3.87%
- June 30, 2019 - 3.87% to 3.50%
- June 30, 2020 - 3.50% to 2.21%
- June 30, 2021 – 2.21% to 2.16%
- June 30, 2022 – 2.16% to 3.54%

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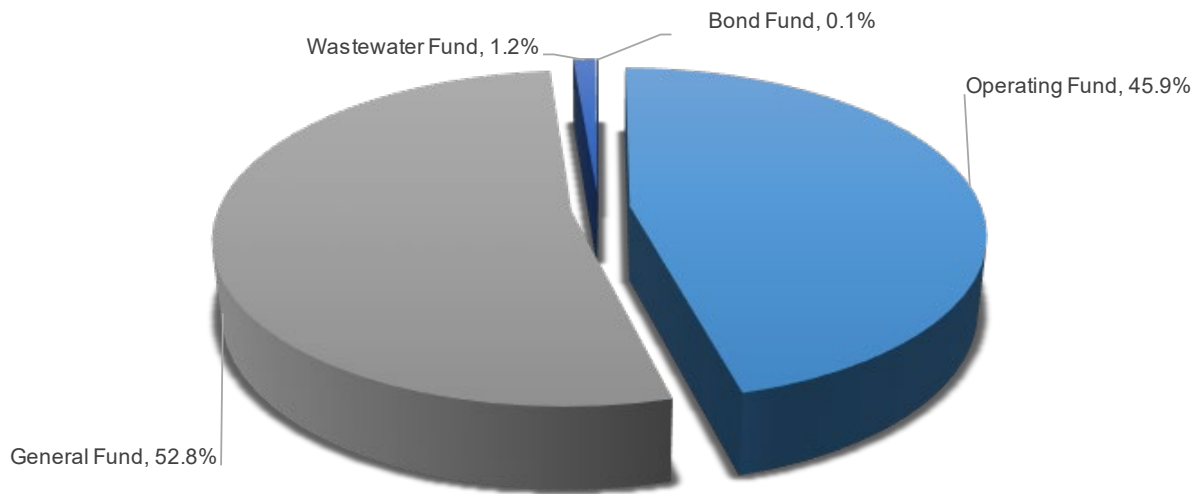
## **OTHER SUPPLEMENTARY INFORMATION**

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**Desert Water Agency**  
**Source of Revenues by Fund**  
**Year Ended June 30, 2023**

**DESERT WATER AGENCY**  
**SOURCE OF REVENUES**  
**FISCAL YEAR 2022 - 2023**

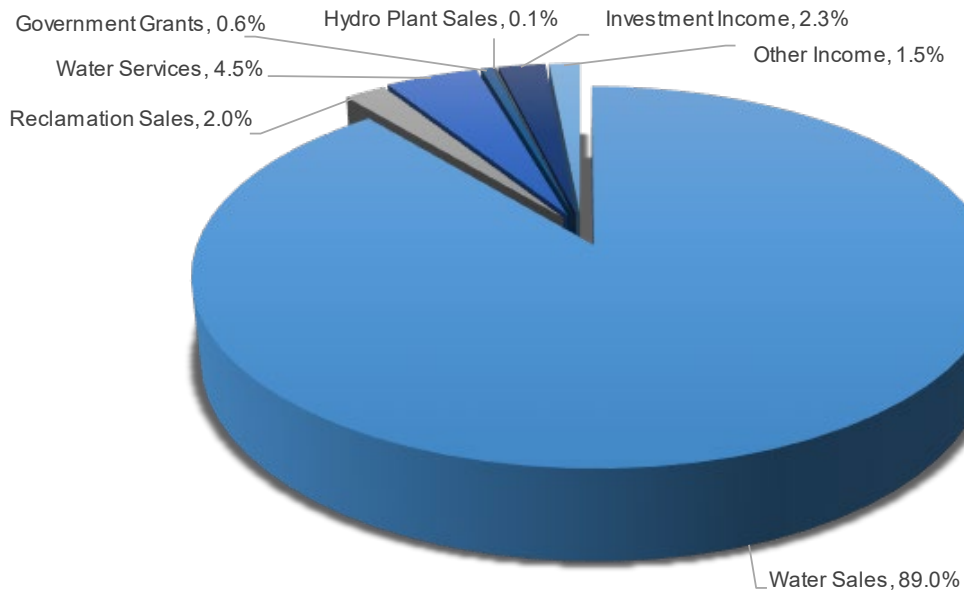
<b>Fund Type</b>	<b>Amount</b>	<b>%</b>
Operating Fund	\$ 43,814,350	45.9%
General Fund	50,453,140	52.8%
Wastewater Fund	1,189,930	1.2%
Bond Fund	101,645	0.1%
<b>TOTAL</b>	<b>\$ 95,559,065</b>	<b>100.0%</b>



**Desert Water Agency  
Operating Fund Revenues  
Year Ended June 30, 2023**

**DESERT WATER AGENCY  
OPERATING FUND REVENUES  
FISCAL YEAR 2022 - 2023**

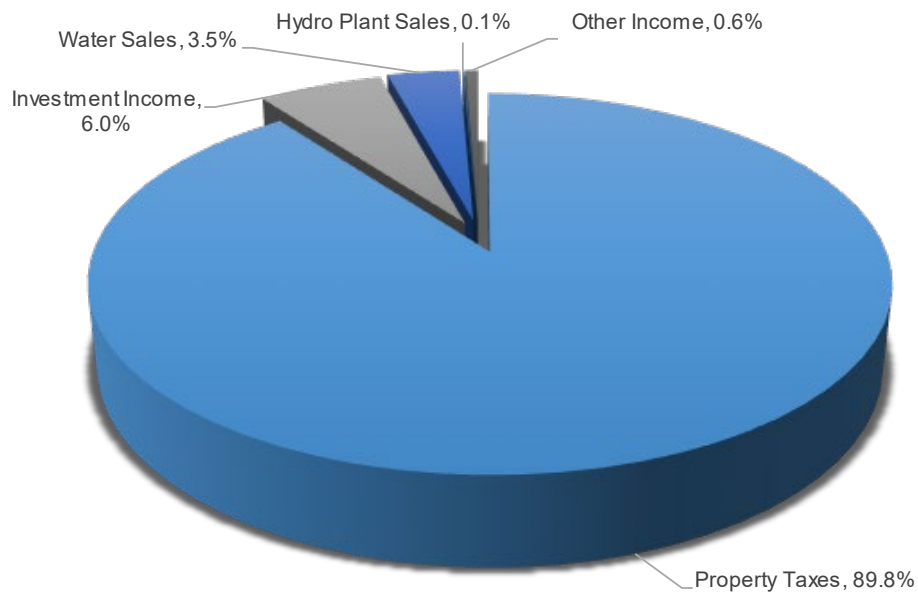
Revenue Source	Amount	%
Water Sales	\$ 38,983,355	89.0%
Reclamation Sales	895,990	2.0%
Water Services	1,966,849	4.5%
Government Grants	241,703	0.6%
Hydro Plant Sales	45,298	0.1%
Investment Income	1,029,348	2.3%
Other Income	651,807	1.5%
<b>TOTAL</b>	<b>\$ 43,814,350</b>	<b>100.0%</b>



**Desert Water Agency  
General Fund Revenues  
Year Ended June 30, 2023**

**DESERT WATER AGENCY  
GENERAL FUND REVENUES  
FISCAL YEAR 2022 - 2023**

Revenue Source	Amount	%
Property Taxes	\$ 45,286,416	89.8%
Investment Income	3,051,400	6.0%
Water Sales	1,753,124	3.5%
Hydro Plant Sales	48,429	0.1%
Other Income	313,771	0.6%
<b>TOTAL</b>	<b>\$ 50,453,140</b>	<b>100.0%</b>

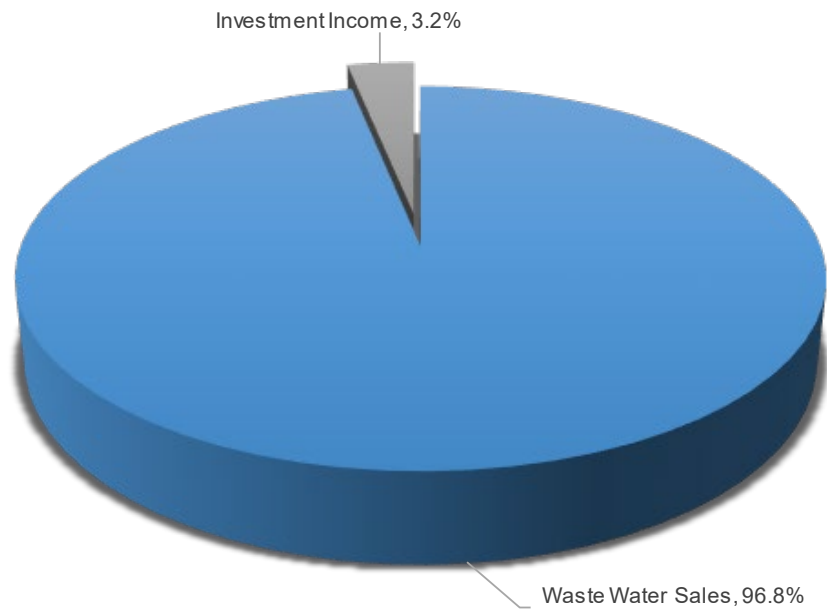


**Desert Water Agency  
Wastewater Fund Revenues  
Year Ended June 30, 2023**

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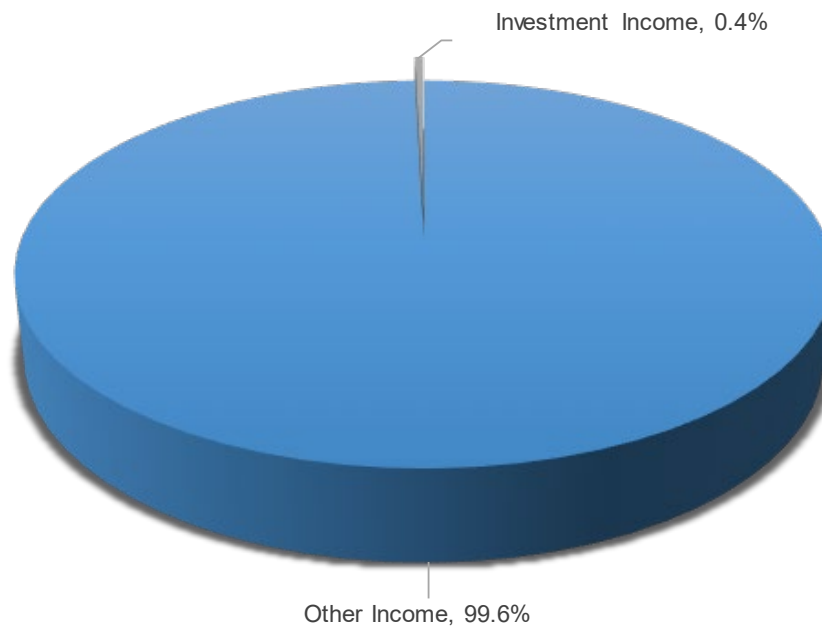
**DESERT WATER AGENCY  
WASTEWATER FUND REVENUES  
FISCAL YEAR 2022 - 2023**

Revenue Source	Amount	%
Waste Water Sales	\$ 1,152,400	96.8%
Investment Income	37,530	3.2%
<b>TOTAL</b>	<b>\$ 1,189,930</b>	<b>100.0%</b>



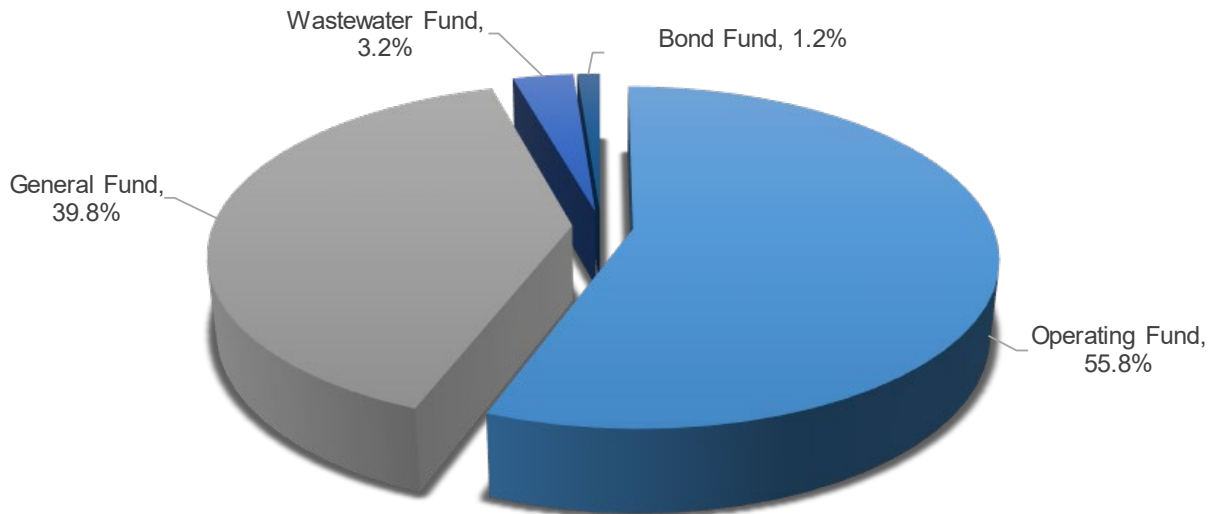
**DESERT WATER AGENCY  
BOND FUND REVENUES  
FISCAL YEAR 2022 - 2023**

Revenue Source	Amount	%
Other Income	\$ 101,221	99.6%
Investment Income	424	0.4%
<b>TOTAL</b>	<b>\$ 101,645</b>	<b>100.0%</b>



**DESERT WATER AGENCY  
EXPENSES BY FUND  
FISCAL YEAR 2022 - 2023**

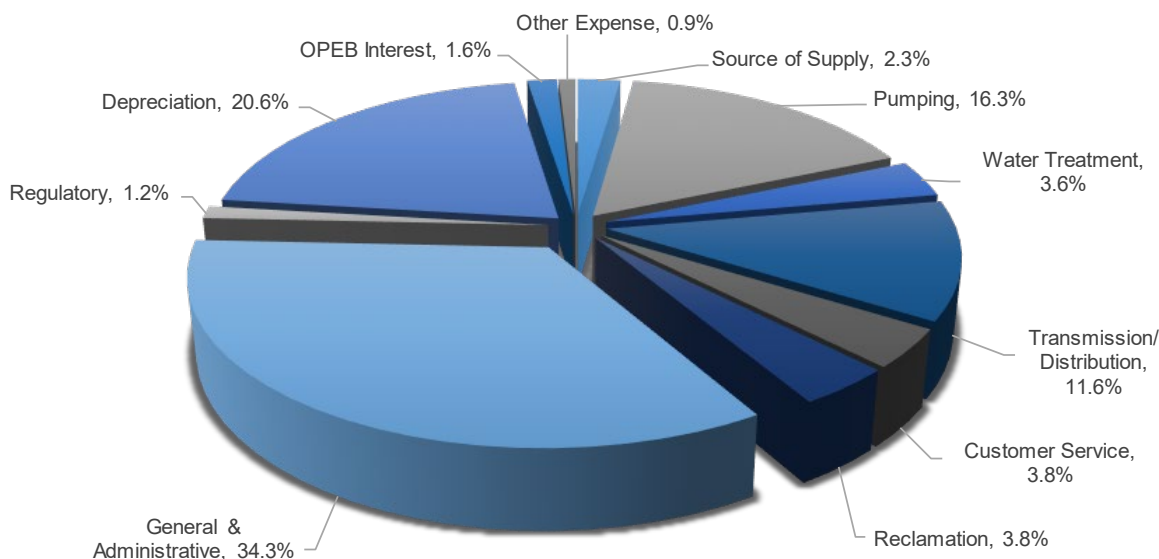
<b>Fund Type</b>	<b>Amount</b>	<b>%</b>
Operating Fund	\$ 30,515,345	55.8%
General Fund	21,747,857	39.8%
Wastewater Fund	1,736,143	3.2%
Bond Fund	635,597	1.2%
<b>TOTAL</b>	<b>\$ 54,634,942</b>	<b>100.0%</b>



**Desert Water Agency  
Operating Fund Expenses  
Year Ended June 30, 2023**

**DESERT WATER AGENCY  
OPERATING FUND EXPENSES  
FISCAL YEAR 2022 - 2023**

Expense Category	Amount	%
Source of Supply	\$ 692,777	2.3%
Pumping	4,962,228	16.3%
Water Treatment	1,109,190	3.6%
Transmission/Distribution	3,540,725	11.6%
Customer Service	1,147,813	3.8%
Reclamation	1,152,872	3.8%
General & Administrative	10,456,102	34.3%
Regulatory	378,864	1.2%
Depreciation	6,296,466	20.6%
OPEB Interest	503,005	1.6%
Other Expense	275,303	0.9%
<b>TOTAL</b>	<b>\$ 30,515,345</b>	<b>100.0%</b>

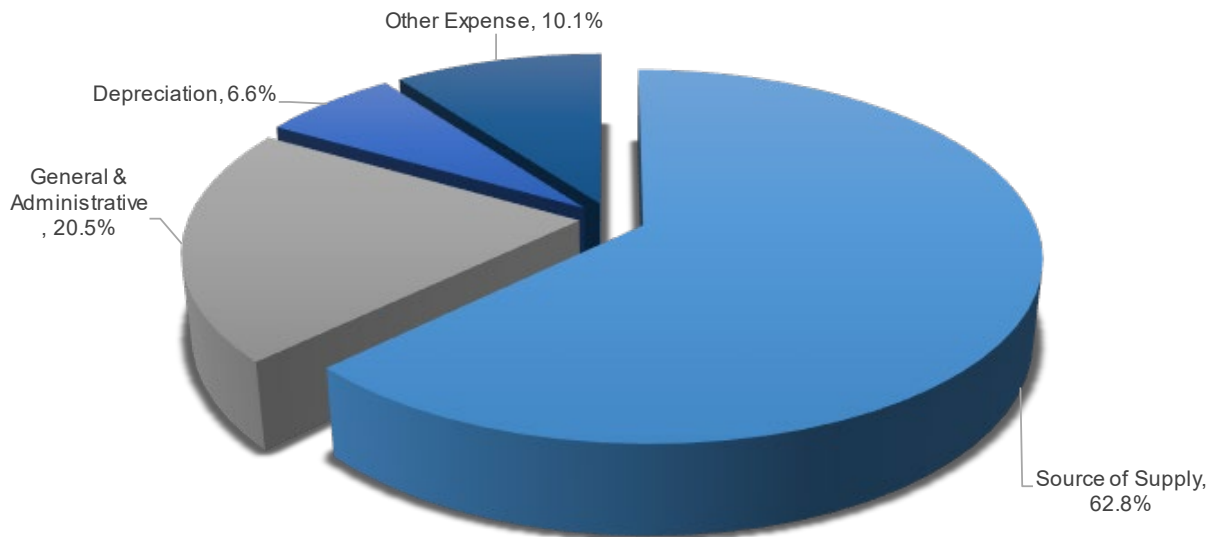


**Desert Water Agency  
General Fund Expenses  
Year Ended June 30, 2023**

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**DESERT WATER AGENCY  
GENERAL FUND EXPENSES  
FISCAL YEAR 2022 - 2023**

Expense Category	Amount	%
Source of Supply	\$ 13,655,782	62.8%
General & Administrative	4,464,139	20.5%
Depreciation	1,436,692	6.6%
Other Expense	2,191,244	10.1%
<b>TOTAL</b>	<b>\$ 21,747,857</b>	<b>100.0%</b>

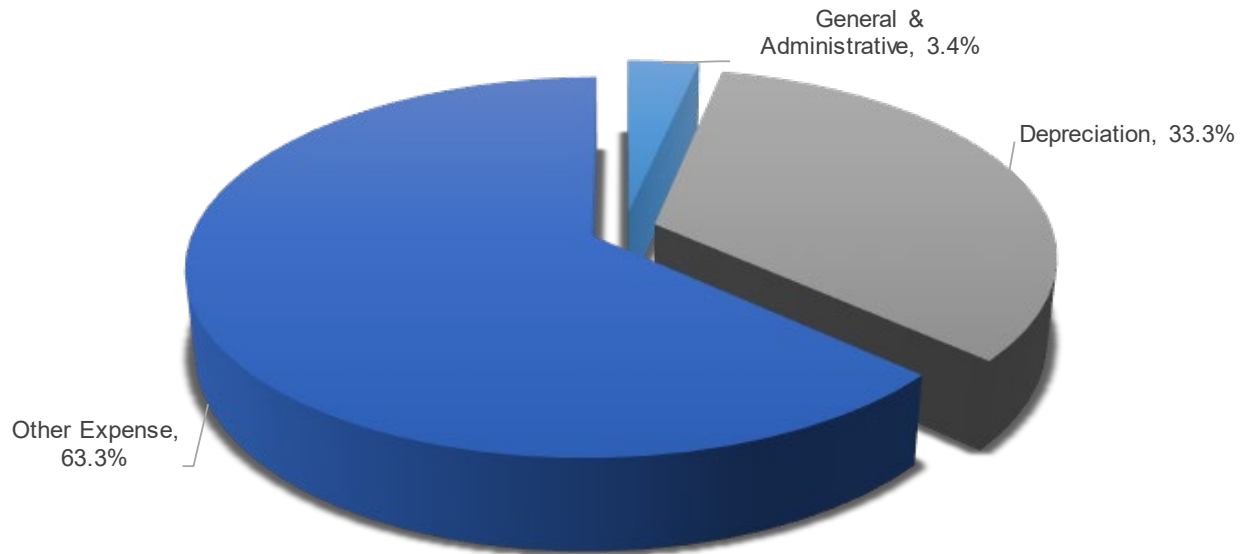


**Desert Water Agency  
Wastewater Fund Expenses  
Year Ended June 30, 2023**

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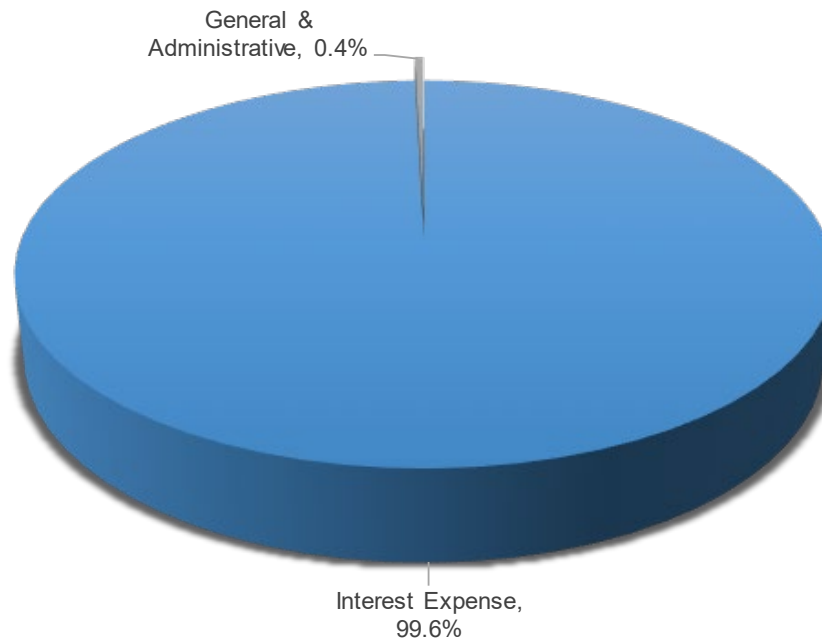
**DESERT WATER AGENCY  
WASTEWATER FUND EXPENSES  
FISCAL YEAR 2022 - 2023**

Expense Category	Amount	%
General & Administrative	\$ 59,460	3.4%
Depreciation	578,598	33.3%
Other Expense	1,098,085	63.3%
<b>TOTAL</b>	<b>\$ 1,736,143</b>	<b>100.0%</b>



**DESERT WATER AGENCY  
BOND FUND EXPENSES  
FISCAL YEAR 2022 - 2023**

Expense Category	Amount	%
Interest Expense	\$ 633,347	99.6%
General & Administrative	2,250	0.4%
<b>TOTAL</b>	<b>\$ 635,597</b>	<b>100.0%</b>



## **OTHER INFORMATION**

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## **Organization and Description of the Agency**

Desert Water Agency (the "Agency") was formed in September 1961 by the Legislature of the State of California through the enactment of special legislation. The Agency was formed for the purpose of importing water by contracting for participation in the State Water Project of the State Department of Water Resources and for any other activities authorized by the Legislature as proper for the Agency to conduct. The Agency's contract for water provides for delivery of up to 38,100 acre feet of water per year, starting at 8,000 acre feet and increasing annually until deliveries totaled the full contract amount in 1990. In 2004, the contract was amended to reflect an allotment of 50,000 acre feet. In 2007, the contract was again amended to reflect an allotment of 55,750 acre feet, effective January 1, 2010. The Agency negotiated an agreement with the Metropolitan Water Agency of Southern California (Metropolitan Water Agency) for the exchange of the Agency's entitlement to Northern California water for an equal amount of Metropolitan Water Agency's Colorado River water. The exchange agreement became effective when approved by the Secretary of the Interior on December 1, 1972 and extends until 2035.

The Agency started receiving this exchange water in September 1973 when the service connection to the Metropolitan Water Agency's aqueduct was completed.

The Agency is committed to pay its proportionate share of the capital and other costs of the State Water Project, including the capital costs in connection with both the transportation facilities and the conservation facilities, the operation and maintenance costs in connection therewith, and the variable costs incident to the actual delivery of water. Annually, the State Department of Water Resources (DWR) issues a bulletin known as the 132 Series in which the capital and operating costs are estimated for the life of the project. On June 30 of each year, DWR bills for the costs to be paid during the next succeeding calendar year. The capital costs are being capitalized as utility plant while the other costs are charged to operations. The capital costs are being amortized using a life of 45 years.

The Agency shares in the costs of the Whitewater Turnout and the Mission Creek Turnout with the Coachella Valley Water District (CVWD). The Mission Creek Turnout connection makes imported water available for spreading in the Mission Creek area of the Mission Springs Water District. These facilities are necessary to enable the Agency and CVWD to perform under the present agreement for the exchange of State Water Project water for Colorado River water with the Metropolitan Water Agency of Southern California, which agreement was referred to in a paragraph above. The Whitewater connection was constructed by Metropolitan Water Agency crews and was completed in September 1973. The Mission Creek connection was completed in the late 1990's. Although the Whitewater and Mission Creek turnouts from the Colorado River Aqueduct were constructed by Metropolitan Water District, the Agency and Coachella Valley Water District funded the costs of constructing those turnouts.

The Agency is also committed to pay in future years its share of the cost of supplemental water facilities which may be necessary to enable it to benefit fully from participation in the State Water Project. Such supplemental facilities could be in the form of an aqueduct to transport State Water Project water from Hesperia or San Bernardino to the Coachella Valley or could consist of a desalination plant and/or other facilities necessary to continue the exchange of the Agency's Northern California water entitlement for Colorado River water. The cost of supplemental water facilities will be shared by other agencies which will benefit from their construction. Anticipated costs may also include construction of new Delta conveyance facilities and the cost of participation in additional surface water storage facilities, such as the Sites Reservoir.

### **Organization and Description of the Agency (Continued)**

The Agency entered into a water management agreement with the CVWD on July 1, 1976. The agreement establishes principles which control the continuation of the parties' imported water program and the allocation of costs for these programs. It further provides for the collection and analysis of data which serves as the basis for management of the natural and imported water supplies of the management area. This agreement was amended in July 2014 to reflect a change in the allocation of certain costs to more accurately reflect allocations of water to each party. The Agency and CVWD have also entered into a similar, additional agreement to allocate between them the cost of delivering imported water to the Mission Creek spreading facilities.

### **FACTORS BEARING ON THE AGENCY'S FUTURE**

The Agency has participated (along with Coachella Valley Water District, Metropolitan Water District, and San Geronio Pass Water Agency) in a partnership studying a potential desert aqueduct connection to the State Water Project. This potential connection remains an option to enable the delivery and storage of water in the local groundwater basins.

The Department of Water Resources is in the final stages of creating a plan to address the Delta Conveyance Project and the aging and unreliable levees in the Delta. This plan will directly affect the state water contractors and the costs associated with the State Water Project.

The State Water Contractors and the Department of Water Resources are actively engaged in the State Water Project contract extension negotiations. The current contract expires in 2035 and both parties are working on extending the contract.

The Agency is participating in planning efforts for the Sites Reservoir Project along with many agricultural and municipal water providers throughout the State. The Agency is pursuing this project in order to meet its projected future increased water demands and promote water quality and environmental improvements in the Sacramento San Joaquin Delta. The Agency is working with DWR to incorporate the construction costs for this project on its State Water Project statement of charges.

It is important to recognize the potential desert aqueduct connection, the Delta Conveyance Project, the SWP contract extension and Sites Reservoir Project, as they will have a major financial impact on the Agency and its operations. Not only do the aqueduct connection, Delta conveyance project, SWP contract extension, and Sites Reservoir Project, constitute major financial transactions, but the potential financial obligations associated with the transactions are significant, thus impacting the financial statements and operations of the Agency.

**Officers, Directors, and Senior Management**

The officers, directors, and senior management of the Agency are listed below:

	<u>Term Expires</u>
Paul Ortega, President	December 2024
Jeff Bowman, Vice President	December 2026
Gerald McKenna, Secretary-Treasurer	December 2026
Kristin Bloomer, Director	December 2024
Steve Grasha, Director	December 2026
Mark S. Krause, General Manager	N/A



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[www.vasquez.cpa](http://www.vasquez.cpa)

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**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**To the Board of Directors  
Desert Water Agency**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Desert Water Agency (the Agency), as of and for the year ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 14, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Glendale, California  
December 14, 2023

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# Presentation to the Board of Directors

December 19, 2023

# / INTRODUCTION

## **To the Board of Directors Desert Water Agency**

We are pleased to present this report related to our audit of the financial statements of Desert Water Agency (the Agency) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

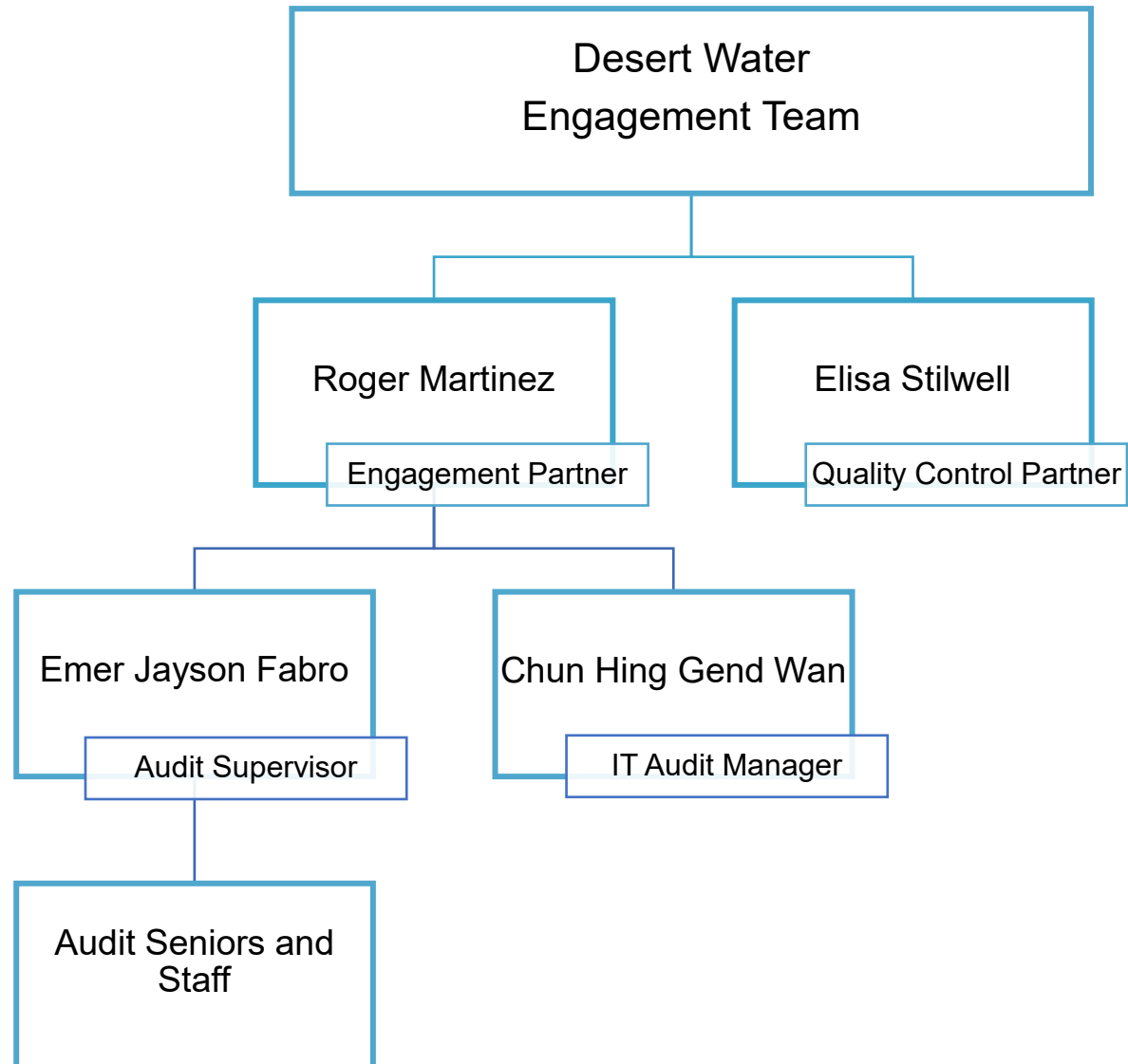
This report is intended solely for the information and use of the Board of Directors and Management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Agency.

*Vasquez & Company LLP*

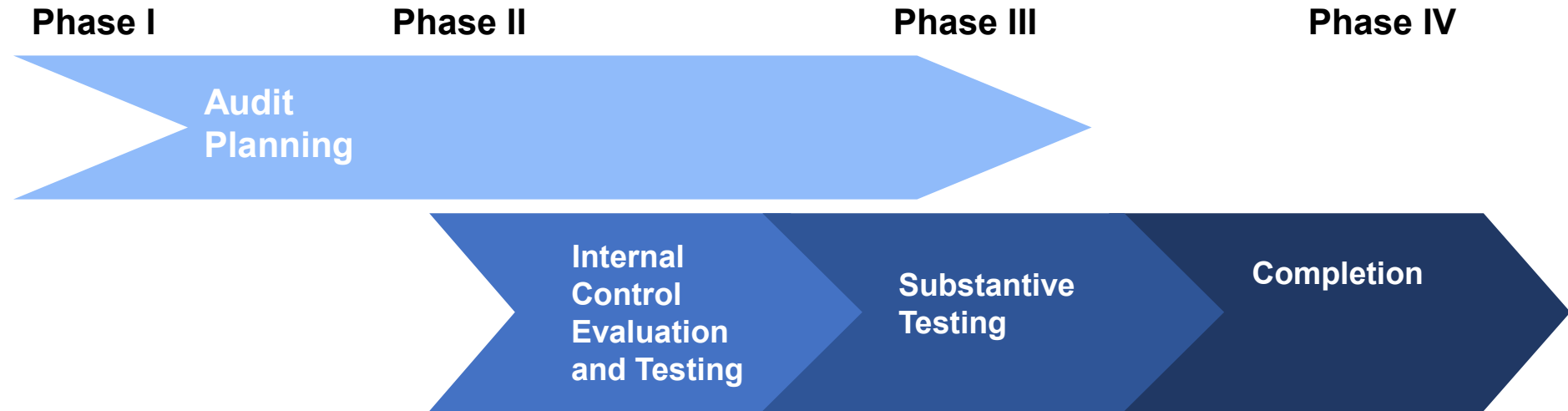
# / AGENDA

- ☐ The Engagement Team
- ☐ Overview - Audit Strategy
- ☐ Audit Results
  - Unmodified Opinion
  - Audit Focus Areas
  - Data Analytics – IDEA Analysis
  - Management Letter Comments and Recommendations
- ☐ New Accounting Pronouncements
- ☐ AU-C 260 Required Communications
- ☐ Independence
- ☐ Questions
- ☐ Contact Information

# / THE ENGAGEMENT TEAM



# / OVERVIEW – AUDIT STRATEGY



- Familiarize ourselves with the operating environment
- Perform risk assessment procedures
- Perform preliminary analytical review
- Develop audit plan
- Discuss and agree on financial statement format
- Evaluate the progress of the audit and make any changes to audit approach and procedures (if necessary)

- Assess internal control environment
- Perform SAS 99 (fraud evaluation procedures)
- Identify internal control strengths and weaknesses
- Evaluate design and implementation of selected controls
- Test controls over financial reporting
- Understand accounting and reporting activities
- Draft internal control management letter comments

- Plan and perform substantive audit procedures
- Conduct final analytical review
- Consider audit evidence sufficiency
- Conclude on critical accounting matters
- Discuss proposed audit adjustments with management.

- Perform completion procedures
- Draft audit report. Evaluate the financial statements and disclosures
- Draft management letter
- Conduct exit conference, including discussion of proposed audit adjustments, internal control and compliance findings and management letter
- Issue auditor's reports and management letter.

# AUDIT RESULTS

# / INDEPENDENT AUDITOR'S REPORT

## UNMODIFIED “CLEAN” OPINION

Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*

The financial statements fairly present, in all material respects, Desert Water Agency's:



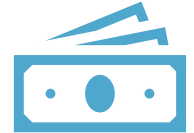
Financial position



Results of operations



Changes in net position



Cash flows

## Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- *Unmodified “clean” opinion*
- *No material weaknesses, significant deficiencies, and material noncompliance noted.*

# / AUDIT FOCUS AREAS

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Cash and cash equivalents	<ul style="list-style-type: none"> <li>▪ Misappropriation of assets</li> <li>▪ Cash balances in excess of federally insured limits</li> <li>▪ Cash equivalents reported in the financial statements do not agree to amounts reflected in the account statements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obtained external confirmation of cash and deposit balances with banks and financial institutions.</li> <li>▪ Agreed account balances to the period end bank statements, bank confirmations and general ledger.</li> </ul> <p><b>There were no material exceptions noted.</b></p>
Investments	<ul style="list-style-type: none"> <li>▪ Investments not in accordance with District and State of California policies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tested a sample of quarterly reports during the year</li> </ul> <p><b>There were no material exceptions noted.</b></p>
Receivables	<ul style="list-style-type: none"> <li>▪ Receivables on specific transactions may not exist.</li> <li>▪ The Agency may have no control on receivables</li> <li>▪ Receivables are not recorded correctly and are properly valued as to collectability.</li> <li>▪ Receivables do not reflect their economic value.</li> <li>▪ Receivable aging is not correct regarding the collectability of receivables</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obtained external confirmation of accounts receivable balances with customers.</li> <li>▪ Tested accounts receivable substantively through agreement to supporting documentation.</li> </ul> <p><b>There were no material exceptions noted.</b></p>

# / AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Capital Assets	<ul style="list-style-type: none"><li>Capital assets, capital expenditures and related depreciation are not monitored and are not fairly stated in the financial statements.</li></ul>	<ul style="list-style-type: none"><li>Obtained and tested the schedule of changes in capital assets and accumulated depreciation during the period.</li><li>Obtained and agreed the listing of additions during the period to the schedule of changes in capital assets and test any reconciling items</li><li>Obtained and agreed the listing of assets under construction (construction in progress) at period end.</li></ul> <p><b>There were no material exceptions noted.</b></p>
Expenditures/Payroll	<ul style="list-style-type: none"><li>Expenditures are not incurred in compliance with budgetary constraints and procurement policies. Payroll costs are not correctly allocated and are not supported by documentation of hours and rates.</li></ul>	<ul style="list-style-type: none"><li>Obtained and agreed listings of payroll expenses that were subjected to these procedures to the general ledger and trial balance and tested any reconciling items.</li></ul> <p><b>There were no material exceptions noted.</b></p>

# / AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Accounts payable, accrued liabilities, commitments and contingencies	<ul style="list-style-type: none"> <li>▪ Understatement of accounts payable and accrued liabilities</li> <li>▪ Commitments and contingencies are not recognized and/or properly disclosed in the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Selected subsequent period disbursements (payments) and evaluated whether the related liabilities were recorded in the correct period and opinion unit, for the correct amount, and are obligations of the entity.</li> <li>▪ Obtained and agreed the listings of accrued expenses accounts to the general ledger and (or) trial balance and tested any reconciling items</li> </ul> <p><b>There were no material exceptions noted.</b></p>
Procurement	<ul style="list-style-type: none"> <li>▪ Procurement is not in accordance with applicable regulations and policies.</li> <li>▪ Bidding procedures not in accordance with Agency's policies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obtained and inspected the supporting documents such as requisition form, purchase order and invoice, packing slip, checks, etc. of the cash payment selected.</li> <li>▪ Tested a sample of contracts entered into during the year and compared to stated Agency's policies</li> </ul> <p><b>There were no material exceptions noted.</b></p>

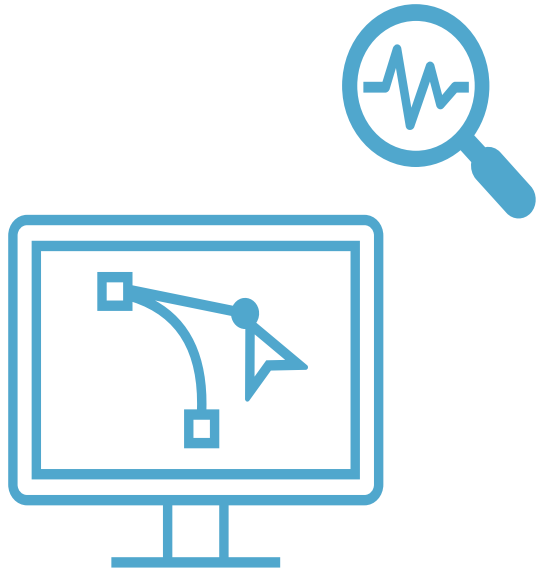
# / AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Revenue recognition	<ul style="list-style-type: none"> <li>Revenues are not properly recognized</li> <li>Billings to customers are not reasonably stated and reported in proper periods.</li> </ul>	<ul style="list-style-type: none"> <li>Performed analytical procedures and reasonableness tests</li> <li>Confirmed selected balances for the ten largest customers</li> <li>Verified proper cutoff of the year-end receivables balance</li> </ul> <p><b>There were no material exceptions noted.</b></p>
Related party transactions	<ul style="list-style-type: none"> <li>Not in compliance with Conflict of Interest Code</li> </ul>	<ul style="list-style-type: none"> <li>Tested through review of the Form 700s as well as payments to vendors during the year through IDEA testing</li> </ul> <p><b>There were no material exceptions noted.</b></p>
Management and BOD expenditures	<ul style="list-style-type: none"> <li>Not in compliance with Agency's policies</li> </ul>	<ul style="list-style-type: none"> <li>Tested a sample of expenditures related to management and BOD and compared to stated Agency policies</li> </ul> <p><b>There were no material exceptions noted.</b></p>

# / AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Fraud	<ul style="list-style-type: none"> <li>Fraudulent or improper journal entries were not identified and posted during the year</li> </ul>	<ul style="list-style-type: none"> <li>Tested through use of IDEA to ensure that journal entries were not posted on weekends, there were no gaps in sequence and that entries with round numbers were proper and had support validating the entry.</li> </ul> <p><b>There were no material exceptions noted.</b></p>
GASB 75 and GASB 68 Disclosure of net pension liability and OPEB obligations	<ul style="list-style-type: none"> <li>Not in compliance with GASB 75 and 68 requirements</li> <li>Pension and OPEB liabilities are not properly valued and disclosed in the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Tested reasonableness of assumptions used in the valuation</li> <li>Agreed to reports provided by third party actuaries and underlying data provided by the Agency</li> </ul> <p><b>There were no material exceptions noted.</b></p>
GASB 87 Leases	<ul style="list-style-type: none"> <li>Not in compliance with GASB 87 requirements</li> </ul>	<ul style="list-style-type: none"> <li>Obtained supporting calculation and documents</li> <li>Tested and recalculated analysis and computations provided by the Agency</li> </ul> <p><b>There were no material exceptions noted.</b></p>

# / DATA ANALYTICS – IDEA ANALYSIS



We performed data analytics to test disbursements and general ledger transactions for unusual events, such as:

- Gaps in check sequence
- Transactions posting outside of business hours
- Transactions/payments with even dollar amounts
- Unusually large dollar payments

All potential issues were investigated and resolved satisfactorily

# **/ MANAGEMENT LETTER COMMENTS AND RECOMMENDATIONS**



## **RECOMMENDATIONS**

### Information Technology

1. Formally Establish IT Policies and Procedures
2. Establish a Formal IT Risk Assessment Process and Procedures
3. Formalize Password Policy and Optimize Password Security Settings
4. Improve Controls over Administrator Accounts
5. Establish a Disaster Recovery (DR) Plan and Regularly Perform DR Tests for Critical Systems

# / NEW ACCOUNTING PRONOUNCEMENTS

## *Implemented in 2022*

**GASB 87** - Leases

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## *Implemented in 2023 (Adoption did not have a material impact on the Agency)*

**GASB 96** – Subscription-based Information Technology Arrangements

**GASB 94** – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

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## *To be implemented in 2024*

**GASB 101** – Compensated Absences

**GASB 100** – Accounting changes and Errors Corrections- an amendment of GASB Statement No. 62

# AUDITOR'S REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE (AU-C 260 )

# / REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Significant Accounting Policies	The Agency's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.
Controversial issues	No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
Basis of Accounting	The financial statements were prepared on the assumption that the Agency will continue as a going concern.

# / REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Audit Adjustments	There were no material audit adjustments made during the year.
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Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements
-------------------------------	--

Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting and auditing matters.
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Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.
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# / REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Administration and Finance Committee and the Board.
Material Weakness and Significant Deficiency	No significant deficiencies or material weaknesses in internal controls were identified.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
Management Representations	The Agency will provide us with a signed copy of the management representation letter at the end of the audit and prior to our issuance of the financial statements.

# / INDEPENDENCE

There are no relationships between any of our representatives and [Desert Water Agency](#) that in our professional judgment may reasonably be thought to bear on independence.

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We confirm that we are independent of [Desert Water Agency](#) within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, *Government Auditing Standards* (Yellow Book), the State of California Board of Accountancy, and other regulatory agencies.

# QUESTIONS

# / Contact Information

**Vasquez + Company LLP** has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

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**Thank you for your time and  
attention.**

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

**DECEMBER 19, 2023**

**RE: REQUEST APPROVAL OF PROCUREMENT POLICY**

Government Code Section 54202 requires every local agency to adopt policies and procedures governing the purchase of supplies and equipment by the local agency.

Currently, the Agency utilizes an internal, procedural document regarding the procurement of goods and services and not a Board adopted policy. Given that no formal policy exists, staff has prepared a draft Procurement Policy for review and potential adoption by the Board.

The Finance Committee has reviewed the attached policy and supports the presentation of the policy to the full Board for consideration.

Legal Review:

Legal Counsel has reviewed the Procurement Policy.

Fiscal Impact:

None

Recommendation:

Staff recommends the Board of Directors adopt the Procurement Policy to govern the Agency's procurement of supplies, materials, equipment and services.

Attachments:

1. Draft Procurement Policy
2. Procurement Policy highlight presentation



DESERT WATER AGENCY

## **Procurement Policy**

Adopted: [Date, 20XX]

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## 1. Purpose

The purpose of this policy is to define the practices governing the procurement of supplies, materials, equipment and services, including construction and capital improvements, for Agency use and to relate the principals of applicable provisions of governing law and Agency administrative policies. This policy is the written rule and regulation required by California Government Code Section 54202 and also serves as the Agency's administrative procedure governing procurement activities.

By adoption of this policy, the Board is empowering the General Manager (GM), or his/her authorized representative with certain duties and responsibilities that are essential for the day-to-day operation of the Agency.

This policy is also intended to assist the Agency and its staff members in maintaining the highest level of integrity in procurement activities and decision making.

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## 2. Policy

California law requires all local agencies to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment and services as referenced below.

*Every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute.*

*Ca. Gov. Code § 54202*

### A. Review

The Purchasing Policy shall be reviewed on an annual basis by staff and the findings will be presented to the Finance Committee.

### B. Updates

Proposed changes shall be subject to review and approval by the Board of Directors.

This policy may be updated from time to time to update references to external documents without presenting them to the Board of Directors for approval.

### C. Responsibility

The Assistant General Manager, Finance Director, Controller and Accounting Supervisor are designated as the Purchasing Agents for the Agency and may delegate the administration of the program. The Purchasing Agents are charged with the responsibility and authority for coordinating and managing the procurement of the Agency's supplies, services and equipment according to this policy.

The policy outlined herein is to be adhered to by the Purchasing Agents and all Agency employees when procuring supplies, services and equipment. This Policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing, supplies, equipment and services.

### 3. Conflict of Interest

No member, officer, or employee of the Agency, or their designees or agents, and no public official who exercises authority over or responsibility with respect to a procurement, during his or her tenure, or for one year thereafter, shall have any interest, direct or indirect, in the purchase, agreement or sub agreement, or the proceeds thereof, for a purchase or purchase agreement.

If an individual listed in the above paragraph does have an interest, direct or indirect, in a procurement, competitive bidding shall be undertaken, the individual shall be removed from the decision-making process and management of the goods or services procured, if awarded, by the General Manager. However, the General Manager may not have any direct or indirect interest in any procurement.

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## 4. Unauthorized Purchases

### A. Contract or Purchase Order Requirement

Where required, an executed contract or purchase order shall be issued prior to ordering supplies, equipment and services and not “after the fact” for work already done or materials already ordered.

### B. Unauthorized Purchase Remedy

Except for emergencies, or other authorized exemptions stated in this policy, no purchase of supplies, services, or equipment shall be made without an authorized contract or purchase order. Otherwise:

- i. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract and may be subject to disciplinary actions.

## 5. Review Audits

Compliance with this policy is subject to review at any time by internal or external auditors. It is the responsibility of the Agency staff member (and their supervisors) initiating the purchase to maintain records of bids, bid procedures followed, contracts, sole source documentation, change orders, authorization signatures and any other relevant documentation.

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## 6. Authority and Responsibility

### A. Decentralized Procurement Overview

DWA utilizes a decentralized procurement process in which the responsibility to determine specifications of goods or services, to solicit proper bids according to bid procedures within this policy (Section 7), and to obtain proper approvals has been delegated to department heads.

The purchasing agents retain the responsibility to review and examine requisitions, bid documents, and contracts.

### B. Responsibilities of Purchasing Agents

The General Manager has delegated the authority and responsibility of a purchasing agent to Assistant General Manager, Finance Director, Controller and Accounting Supervisor.

Purchasing Agent authorities and responsibilities include:

- i. Oversee the administration of the procurement policy,
- ii. Oversee creation and recording of purchase order requisitions, purchase orders and contracts in the accounting system,
- iii. Oversee the purchasing and management of warehouse inventory,
- iv. Oversee the review of bid documents and bidding procedures,
- v. Oversee the review of contracts,
- vi. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing,
- vii. Conduct internal audits, and
- viii. Provide training for Agency staff on this policy.

### C. Responsibilities of Departments

The General Manager has delegated procurement authority and responsibility to the Assistant General Manager, Finance Director, Department Heads, and Supervisors.

These authorities and responsibilities shall include:

- i. Enter into contractual obligations on behalf of DWA for the acquisition of supplies, materials, equipment, and services necessary to support Agency functions in accordance with this policy.
- ii. Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to the Agency.
- iii. Anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.
- iv. Identify, evaluate and utilize purchasing methods which best meet the needs of the Agency (e.g. cooperative purchases, contractual agreements, purchasing cards, etc.).

- v. Provide for the fair and equitable treatment of vendors, suppliers, and contractors.
- vi. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.
- vii. Supervise the receipt and inspection of all materials, supplies, equipment and services purchased to ensure conformance with specifications.
- viii. Recommend the disposition of surplus or unused supplies, materials, equipment, and scrap through sale or other means.
- ix. Notify vendors of purchase award when authorized by a purchasing agent.
- x. To not “split” orders for the purpose of avoiding procurement requirements.

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## 7. Bid/Quote Requirements and Process

This section provides the procedural requirements for procurement of goods and services under this policy. However, there are established exemptions to these procedures. These exemptions are located within Section 8 of this policy.

### A. General

#### i. Competitive bidding

All procurements for materials, supplies, equipment, services, and construction shall employ competitive bidding whenever practicable, excluding formal public bidding.

#### ii. Bid/quote quantity

- a. When bids are required, every effort should be made to request bids from as many vendors as possible in order to promote competition in the best interest of the Agency.
- b. Minimum of three (3) bid/quotes
- c. When the requestor is unable to meet the minimum of 3 documented bids/quotes, the requestor must document the requests that were sent and why the vendor(s) declined to submit a bid if known or other reason why 3 bids/quotes were unable to be obtained.

#### iii. Amounts

All dollar amounts in this section shall be considered to be before (excluding) sales tax.

#### iv. Competitive bidding exceptions

The General Manager may grant exceptions to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such waiver being documented with the acquisition unless otherwise defined as an exception within this policy.

#### v. Bid award

- a. Bids shall be awarded to the responsive, responsible, and qualified bidder who submits the lowest bid. In determining the lowest "qualified" bidder, the following elements shall be considered in addition to price:
  1. That the products offered provide the quality, fitness, and capacity for the required usage.
  2. That the bidder has the ability, capacity and skill to perform the contract satisfactorily and within the time required.
  3. That the bidder's experience(s) regarding past purchases by the Agency or other public agencies demonstrates the reliability of the bidder to perform the contract.
- b. Lowest bidder exemptions:
  1. When a bid is recommended to be awarded to a bidder other than the lowest bidder, written justification is required. The written statement, signed by the appropriate Supervisor, Department Head, Finance Director, Assistant General

Manager, or General Manager shall be attached to the purchase requisition or contract submitted to Accounting.

2. When an RFP is utilized for procurement and proposal evaluation criteria for vendor selection has been published in the RFP, the bid shall be awarded according to the published evaluation criteria. If the bid is awarded to a vendor other than to the highest scoring proposal according to the evaluation criteria, written justification is required. The written statement, signed by the appropriate Supervisor, Department Head, Finance Director, Assistant General Manager, or General Manager shall be attached to the contract submitted to Accounting.

## B. Bid Requirements Table

Bid Requirements Table  
(amounts excluding sales tax)

Purchase Amount	Purchase Type	Bid Requirements	Refer to subsection below	PO Required	Contract Required
\$0 - \$5,000	Goods & Services*	Informal Bids/Quotes	C	Yes	No
\$5,001 +	Goods	Informal Quotes	D	Yes	No
\$5,001 - \$50,000	Routine Maintenance	Informal Bids/Quotes	E	Yes	No
\$5,001 - \$50,000	Non-Professional Services	Informal Bids/Quotes	E	Yes	No
\$5,001 - \$50,000	Professional Services	Informal Bids/Quotes	E	No	Yes
\$50,001 - \$200,000	Routine Maintenance	RFQ/Informal Bids	F	Yes	No
\$50,001 - \$200,000	Non-Professional Services	RFQ/Informal Bids	F	Yes	No
\$50,001 - \$200,000	Professional Services	RFQ/Informal Bids	F	No	Yes
\$200,001 +	Routine Maintenance	RFQ/Informal Bids	F	No	Yes
\$200,001 +	Non-Professional Services	RFQ/Informal Bids	F	No	Yes
\$200,001 +	Professional Services	RFP	G	No	Yes
\$200,001 +	Public Project Work	Formal Public Bids	H	No	Yes

*\*When the term 'services' is used alone in this table, it is inclusive of professional services, not professional services, routine maintenance service, etc.*

### C. Informal Bids/Quotes \$5,000 and under

For the purchase of goods and services of \$5,000 or less.

- i. Quotes may be obtained through an informal process (e.g. web browsing or phone calls).
- ii. Documentation of the bids is recommended but not required.
- iii. Multiple quotes are recommended but not required.

### D. Informal Quotes over \$5,001 – Goods

For the purchase of heavy equipment, vehicles, materials, supplies and other tangible goods that are not associated with services over \$5,000.

- i. Subject to the general provisions within Section 7.A of this policy
- ii. Quotes shall be solicited from a minimum of three vendors.
- iii. Quotes shall be in written form and submitted to the Accounting department along with the purchase order requisition.
- iv. A Request for Quotation (RFQ) shall be used to document the specifications and requirements of the product.
  - a. Exception: Where information is readily available online for a simple, tangible good, price quotes can be obtained via web searches.
- v. Detailed specifications of the items must be provided to the bidders in writing.
- vi. For frequently quoted goods over \$5,001 to \$50,000, the Agency can designate a preferred provider through an RFQ process for identified services for a period not to exceed one year where the Agency can issue a purchase order requisition for the identified goods without obtaining quotes within the 12-month period.

### E. Informal Bids/Quotes \$5,001 to \$50,000 – Services

For the purchase of services (Routine Maintenance, Non-Professional & Professional Services) of \$5,001 to \$50,000 inclusive of materials required for performance of the service.

- i. Subject to the general provisions within Section 7.A of this policy
- ii. Bids/quotes shall be solicited from a minimum of three vendors.
- iii. Bids/quotes shall be received from the vendors in written form and retained on file by the supervisor/department head of the requesting department and submitted to the Accounting department along with the purchase order requisition.
- iv. The request for bids must be made in a consistent manner for all vendors, meaning all vendors must receive the same information regarding specifications and requirements of the service.
- v. The request must be transmitted to the vendors in a consistent manner (e.g. mail, email, or verbally).
- vi. For frequently quoted services of \$5,001 to \$50,000, the Agency can designate a preferred provider through an RFQ process for identified services for a period not to exceed one year where the Agency can enter into service contracts for the identified services without obtaining quotes for each occurrence within the 12-month period.

## F. RFQ / Informal Bids – Services

This section applies to the procurement of professional service agreements of \$50,001 to \$200,000 and non-professional services of \$50,001 or more inclusive of materials required for performance of the service. Examples of non-professional services include landscape maintenance, janitorial, uniform cleaning, material hauling, reservoir maintenance, and other maintenance work as defined in Section 22002(d) of the California Public Contract Code.

When a bid is anticipated to be less than the maximum amount allowed by this section, and the bids are received in excess of the maximum allowable amount and the project qualifies as public project work, the formal bidding procedures in Section H shall be followed.

Professional Service Agreements are exempt from the competitive bidding requirements of this policy; however, the following procedures are encouraged to be followed when it is determined that they will provide the best value to the Agency. Additionally, there are circumstances where, due to the nature of the project requiring professional services, the use of an RFP to procure professional services is encouraged to effectively communicate the Agency's needs (See Exhibit 1 – RFP vs. RFQ for detail). Refer to Section 7.G. of this policy for professional services RFP requirements.

- i. Subject to the general provisions within Section 7.A of this policy
- ii. Bids/quotes shall be solicited from a minimum of three vendors.
  - a. The three bid/quote requirement may be waived when it has been determined, based on historical experience, that the service provided by the vendor is the only vendor compatible with the Agency's quality standards. The reasoning must be documented with a three-quote exception form. (See Section 8.C)
- iii. Request for Quotation (RFQ) shall be used to document the specifications and requirements of the service. (See Exhibit 1 - RFP vs. RFQ)
- iv. Bids shall be received from the vendors in written form and retained on file by the supervisor/manager of the requesting department and submit it to the Accounting department along with the contract or purchase order requisition.
- v. When a bid/proposal is anticipated to be less than the maximum amount allowed by this section, and the proposals are received in excess of the maximum allowable amount, the formal bidding procedure in Section G shall be followed.
- vi. In instances where maintenance work, as defined in CPC Code 22002(d)(1) and (d)(5) for routine maintenance that may, after the project has commenced, exceed \$200,000, this work may be exempt from Section G formal bidding requirements subject to approval by the General Manager.
- vii. Term
  - a. Project-specific contracts for maintenance and services covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement.

- b. Contracts for maintenance and services covered by this procedure shall be issued for an initial term of no more than 36 months unless otherwise approved by the Board of Directors
  - c. The General Manager, Assistant General Manager, Finance Director, or Department Supervisor may authorize a maximum of one (1) extension of 24 months for maintenance and services in accordance with contract approval levels set forth in section 9.C.iv of this policy.
  - d. Extensions to contracts or agreements in excess of 24-months or valued at more than \$100,000, shall be approved by the Board of Directors.
- viii. Insurance
- a. Prior to work commencing or services are rendered, evidence of insurance as required by the contract or service agreement must be obtained, reviewed, and accepted by the Supervisor, Department Head or his/her designee managing the contract.
  - b. A copy of the certificate of insurance will be provided to the Agency with the Agency listed as the certificate holder.

#### G. RFP – Professional Services Over \$200,001

Professional Service Agreements are exempt from the competitive bidding requirements of this policy; however, the following procedures are encouraged to be followed when it is determined that they will provide the best value to the Agency.

For Professional Services of \$200,001 or more, a formal RFP shall be used, and contracts shall be awarded in a manner most beneficial to the Agency. The Agency shall strive to obtain the best value in awarding contracts.

A professional services contract is an agreement between the Agency and a professional service provider. Professional service providers are those entities that provide advice, opinions, or technical expertise.

Examples of professional service providers include accountants, actuaries, architects, attorneys, engineers, educational trainers, financial advisors, surveyors, etc. depending upon the trade, these individuals may or may not hold professional licenses.

Professional services shall be selected on the basis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required.

- i. A Formal RFP shall be used for professional service contracts when competitive bidding is utilized.
- ii. RFP and proposal documentation shall be retained on file by the supervisor/manager of the requesting department.

- iii. Term
  - a. Project-specific contracts covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement.
  - b. Contracts for services covered by this procedure shall be issued for an initial term of no more than 36 months unless otherwise approved by the Board of Directors.
  - c. The General Manager, Assistant General Manager, Finance Director, or Department Supervisor may authorize a maximum of one (1) extension of 24 months for services in accordance with contract approval levels set forth in section 9.C.iv of this policy, unless otherwise approved in the original contract approved by the Board of Directors.
  - d. Extensions to contracts or agreements in excess of 24-months or valued at more than \$100,000 shall be approved by the Board of Directors.
- iv. Insurance
  - a. Prior to work commencing or services are rendered, evidence of insurance as required by the contract must be obtained, reviewed, and accepted by the Supervisor, Department Head or his/her designee managing the contract.
  - b. A copy of the certificate of insurance will be provided to the Agency with the Agency listed as the certificate holder.

#### H. Formal Public Bids - Public Project Work over \$200,001

For Public Project Work of \$200,001 or more a sealed bid process is required and contracts shall be awarded in a manner most beneficial to the Agency. The Agency shall strive to obtain the best value in awarding contracts.

By the adoption of Ordinance 43, the Agency is subject to the State of California Public Contract Code (CPC Code).

California Public Contract Code Section 22032:

- a. *Public projects of \$60,000 or less may be performed by the employees of the Agency by force account work, by negotiated contract, or by purchase order.*
- b. *Public projects of \$200,000 or less may be contracted by informal procedures set forth in the Act.*
- c. *Public projects of more than \$200,000 require formal bids.*

Amounts within this section shall be subject to amounts in effect according to CPC Code Section 22032 at the time of procurement.

Contracts, valued at \$200,000 or more, for the construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility and painting or repainting of any publicly owned, leased, or operated facility and the construction, erection, improvement or repair of dams, reservoirs and power plants [Public Contract Code §22002(c)], hereinafter referred to as "Public Project Work", (PPW), shall be

subject to the formal competitive bidding procedures set forth herein unless an exception exists or the Board of Directors determines it is not in the best interest of the Agency. Project-specific contracts covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement. As required by law, registration with the Department of Industrial Relations for prevailing wage regulations is required for all PPW bidders. When the PPW is funded through a Federal Grant, the Agency must follow Federal procurement standards listed in the Code of Federal Regulations Sections 200.317 through 200.326 (or successor regulation section(s)) or as required by the grant document.

An Annual review of the Agency's Public Contract will be performed by the Agency's Engineering Department and shall be updated as required.

The Contract will include the following:

i. Call for Bids

The General Manager, or his/her designee, is authorized to create a prequalified bidders list. The bidders may be prequalified on an annual basis or on a project specific basis. Notice inviting sealed bids shall be distributed to prequalified bidders or other interested parties as may be deemed beneficial by the General Manager, or his/her designee. If there are no prequalified bidders or if the prequalified bidders list is inadequate, a notice inviting bids may be published once in a newspaper that serves the Agency.

ii. Notice Inviting Bids requirements

The invitation for bids shall contain:

1. a statement as to where the plans and specifications may be obtained
2. a general description of the PPW,
3. a statement that the Agency will receive sealed bids
4. a statement that the contract or contracts for the PPW will be awarded to the lowest responsive, responsible bidder or bidders, but that any or all bids may be rejected
5. a statement of the time and place for opening the bids
6. any such other information as may be required by the Agency or by law

iii. Submission of Bids

Bids shall be submitted on forms supplied by the Agency and under sealed cover. If the bid is accepted, the Bidder shall execute the contract within the time provided in the contract documents and shall furnish the necessary certificates of insurance and bonds required by the contract documents.

iv. Opening of Bids

Bids shall be publicly opened at the time and place specified in the Notice Inviting Bids. A minimum of two members of Agency staff shall be present at all sealed bid openings.

- v. Bid Evaluation and Acceptance  
Acceptance of any bid shall be by action of the Board. The Board reserves the right to waive any irregularity, to reject any or all bids, to re-advertise, or to proceed with the PPW, in full or in part, using Agency staff.
- vi. Bid Award  
If a contract is awarded, the contracts shall be awarded to the lowest responsive and responsible bidder which will be deemed the best value to the Agency.
- vii. Bid documentation shall be retained on file by the supervisor/manager of the requesting department.
- viii. Withdrawal or Modification of Bid Proposal  
Refer to Bidding Documents, Section A Instructions to Bidders, subsection 7 entitled "Withdrawal of Bid Proposal" (or successor section) and subsection 8 entitled "Modification of Bid Proposal" (or successor section) for detailed requirements.
- ix. Performance and Payment Bonds  
Bidder shall obtain a Faithful Performance Bond and/or Labor and Material Payment Bond per Bidding Documents Section A. Instructions to Bidders, subsection 11 entitled "Bond(s) and Certificates Required of Successful Bidder" (or successor section).
- x. Insurance
  - a. Before work commences, evidence of insurance as required according to the contract for PPW must be obtained, reviewed, and accepted by the Assistant General Manager or his/her designee.
  - b. A copy of the certificate of insurance will be provided to the Agency with the Agency listed as the certificate holder. A fillable Contract Certificate of Insurance form is included in the Contract Documents.
  - c. Detailed insurance requirements can be found in the Contract Appendix, section 8, entitled "Bonds, Insurance, and Endorsements" (or successor section).
- xi. A Contract Insurance Endorsement form (included in the Contract Documents) shall be completed and signed by Contractor.

## 8. Exemption to Bid Requirements

### A. Purchases

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where the competitive bid process is not applicable and purchase orders will not be used. These allowable exceptions include:

- i. Bank charges and fees
- ii. Debt Service transactions
- iii. Governmental units (e.g. LAFCO, DWR, etc)
- iv. Insurance premiums and claims
- v. Broker facilitated investment purchases
- vi. Postage
- vii. CalPERS, and CERBT payments
- viii. Public notices
- ix. Real property purchases
- x. Utility bills
- xi. Water purchases
- xii. Water resource assessments
- xiii. Certifications/education
- xiv. Professional organization membership renewals
- xv. Employee reimbursements (i.e. boots, conference travel, etc.)

If a vendor that provides one of these services listed above requires a purchase order or contract to be issued for their records, a Purchase Order or Contract may be issued for the appropriate amount in accordance with Section 9 of this policy.

### B. Cooperative Procurement

The Agency may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bid process. Evidence of the competitive bidding process conducted by the other political jurisdiction must be obtained and kept on file to support the Purchase Order or Contract. The approval of the Board of Directors is required for the award of any cooperative purchase of \$100,000 or more.

### C. Sole Source

Commodities, services and equipment which can be obtained from only one vendor are exempt from competitive bidding.

- i. All sole source purchases shall be supported by a three-quote exception form (and any other relevant written documentation) signed by the appropriate Supervisor, Department Head, Finance Director, Assistant General Manager, and/or General Manager and forwarded to a Purchasing Agent. Final determination that an item is a valid sole source purchase will be made by a Purchasing Agent.

- ii. Sole source purchases may include but not limited to:
  - a. proprietary items sold directly from the manufacturer,
  - b. proprietary software,
  - c. equipment which has been standardized by the Agency with only one provider,
  - d. items that have only one distributor authorized to sell in this area,
  - e. subscription renewals and maintenance agreements for Agency IT software/hardware,
  - f. subscription renewals for subscription-based software,
  - g. product/service that has been proven to be the only product acceptable (ie. brand standardization),
  - h. product support service that provides the best value to the Agency, or
  - i. based on experience a service provider has been the only found to provide service according to the Agency's quality standards.

#### D. Brand Standardization

All procured goods must meet Agency needs and specifications. However, the Agency may further limit the brands utilized if deemed to be in the best interest of the Agency.

If brand Standardization is utilized, competitive bidding shall still be required if there are multiple suppliers of the selected brand authorized to sell in the Agency's area. If less than three suppliers are available, this shall be documented on a three-quote exception form.

The Agency's Engineering department maintains a listing of approved materials for pipeline contracts. This listing is reviewed annually and may be updated more frequently based on contractor requests to have a product added.

Brand Standardization may be utilized for the following reasons:

- i. historical experience of a product where the model or brand is the only brand that meets the Agency's quality standards and/or needs,
- ii. compatibility with existing equipment,
- iii. The need to perform complex or unique functions, the requestor may limit bidding to a specific product type or a brand name product, or
- iv. standardization for maintenance & support consistency purposes:
  - a. Requires less inventory on hand for replacement parts.
  - b. Supporting only one or a limited number of brands.

## E. Professional Services

Professional Services are exempt from the competitive bidding requirements of this policy; however, competitive bidding procedures are encouraged to be followed when it is determined that they will provide the best value to the Agency.

Certain professional services may be designated as critical or sensitive in nature due to specific knowledge of the Agency's facilities or operations and competitive bidding is not encouraged when it is determined it is not in the best interest of the Agency. Examples of these professional services may include security systems, legal services, SCADA systems, certain consulting and engineering services.

Though professional services are exempted from the competitive bidding procedures, they will continue to be subject to the requirements of supervisor or department head authorization.

It is best practice to obtain three quotes for professional services when possible but not required.

## F. Emergency Purchases and Work

- i. During an emergency, according to CPC Code 22035, the Agency may self-perform Public Project Work and hire contractors without a formal bid.
- ii. Emergencies pertaining to PPW will be declared by the Board of Directors
- iii. Emergency purchases not pertaining to PPW may be made without competitive bidding when time is of the essence, and shall be made only for the following reasons:
  - a. to preserve or protect life, health or property; or
  - b. upon natural disaster; or
  - c. to forestall a shutdown of essential services.
- iv. Since emergency purchases do not normally provide the Agency an opportunity to obtain competitive quotes, sound judgment shall be used in keeping such orders to an absolute minimum. In addition, the following requirements shall apply:
  - a. The Accounting department shall be contacted as soon as possible for an advance purchase order number, which may be given verbally, to cover the emergency transaction. If unable to contact the accounting department, place the order and contact the accounting department the next workday.
  - b. A completed purchase requisition shall be submitted to the Accounting Department within two working days, or as soon as the information is available. All purchase requisitions for emergency purchases shall be approved electronically by the appropriate Supervisor, Department Head, Finance Director, and/or Assistant General Manager.
  - c. Documentation explaining the circumstances and nature of the purchase shall be submitted by the Supervisor, Manager, Finance Director, and/or Assistant General Manager as follows:
    1. Purchases of \$5,000 or less: Use standard purchasing procedures.

2. Purchases in the amount of \$5,001 - \$100,000: Require the approval of the GM. The GM may delegate the authority to approve emergency purchases of up to \$100,000 to the AGM.
- d. If the emergency purchase causes any budget for a functional area to exceed the approved expense budget by 10% or more, it shall be the responsibility of the department requesting the purchase to either:
  1. Obtain Board of Directors approval for reserve funding or
  2. Obtain a budget transfer to cover the purchase from a different functional area within the department's approved budget. Approvals for a budget transfer must be obtained from the General Manager
- e. If the emergency purchase involves Force Account Work in association with a declared disaster (e.g. FEMA, CalOES), detailed records of the work must be documented including: scope of work, daily staff time and equipment used. Depending on the scope of the disaster, Force Account Work may involve CIP.

DRAFT

## 9. Workflow Documentation

### A. Purchase Order Requisitions

Purchase order requisitions (requisition) communicate to the Accounting Department, in clear and explicit terms, the needs of the requestor. The requisitioning process determines if budgeted funds are available.

A completed requisition and supporting documentation will be routed for authorization by the requestor and submitted to the Accounting department prior to obtaining any goods, services, materials or equipment.

A requisition is required in order to generate a purchase order.

- i. A requisition must be completed and approved prior to ordering a service or item that is not covered by a contract.
- ii. Requisition requirements
  - a. Date
  - b. GL account number / capital project number
  - c. Quantity
  - d. Items
  - e. Cost per unit/hr
  - f. Estimated Freight (if known)
  - g. Authorized approval signature
  - h. Quotes/bids/estimates if applicable
- iii. Purchase order requisition approval authority:  
Purchase order requisitions, in any amount, may be approved by the following Agency Positions

Purchase Order Requisition Authority Table

Position
General Manager
Assistant General Manager
Finance Director
Human Resources Director
Department Heads
Water Operations Supervisor
Operations Technician Foreman
Laboratory Director

## B. Purchase Orders

A Purchase Order (PO) is issued to authorize the purchaser to proceed with the transaction to acquire goods, services or materials.

- i. Refer to Section 7.B of this policy for PO and Contract requirements according to amount and purchase type.
- ii. A contract may be used in lieu of a PO when only a PO is required according to the Bid Requirements table in Section 7.B.
- iii. A PO may not be used in lieu of a contract when a contract is required according to the Bid Requirements table in Section 7.B.
- iv. Blanket Purchase Orders
  - a. Blanket PO's shall be issued at the discretion of a Purchasing Agent.
  - b. A blanket PO may be used for frequently used vendors of low dollar value purchases, valued on average \$500 or less per transaction (ie. Napa, Lowes, Home Depot, etc.) where it is infeasible for the issuance of a Purchase Order for each purchase as it would cause an excessive administrative burden without a corresponding benefit due to the nature of the purchase.
  - c. There may be circumstances where a blanket PO may be issued for higher value routine purchases (ie. chemicals), at the discretion of a Purchasing Agent.
- v. Purchase order issuance
  - a. A purchase order will be created automatically from an approved purchase order requisition with no additional approval required.
  - b. The Accounting department will remit the finalized Purchase Order to the vendor inclusive of the Agency's purchasing terms and conditions.
- vi. Budget encumbrance

The purchase order value will be encumbered at the time of creation, with the exception of Blanket Purchase Orders.
- vii. Budget carry over

Balances left on open expense account purchase orders at the end of the fiscal year will not automatically carry over and must be considered in the future year budget requests by department heads.

## C. Contracts

- i. Refer to Section 7.B of this policy for Purchase Order (PO) and Contract requirements according to amount and purchase type.
- ii. A contract may be used in lieu of a PO when only a PO is required according to the Bid Requirements table in Section 7.B.
- iii. Contract execution

A Contract is executed to authorize the purchaser to proceed with the transaction to acquire the goods and/or services.

## iv. Contract execution authority

**Contract Execution Authority Table**  
(amounts excluding sales tax)

<b>Contract Amount (up to)</b>	<b>Position</b>
\$10,000	Department Head
\$50,000	Staff Directors
\$75,000	Assistant General Manager
\$100,000	General Manager
\$100,001 +	Board of Directors

## v. Budget encumbrance

a. Capital project contracts - the contract value will be encumbered at the time of contract execution.

## b. Expense contracts

## 1. Single-year contract

i. The contract value may be encumbered at the time of contract execution.

ii. If the amount of the contract is not known with general certainty, such as a contract that fixes a price for items ordered within the year but does not guarantee the Agency will use order the item or use the service, the budget will not be encumbered until invoiced by the vendor.

## 2. Multi-year contracts

i. The contract amount may be distributed evenly for the term of the contract, prorated for partial fiscal years within the contract term, unless the contracting department notifies the Accounting department otherwise.

ii. If the amount of the contract is not known with general certainty, such as a contract that fixes a price for items ordered or services provided within the contract timeframe but does not guarantee the Agency will use or order the item(s) or use the service, the budget will not be encumbered until invoiced by the vendor.

## vi. Non-CIP Contract budget carry over

Balances left on the Contracts at the end of the fiscal year do not automatically carry over and must be considered in the future year budget process.

## vii. Contract close out

Contracts can remain active for multiple years. Contracts will be closed out in the following ways:

a. Project specific contracts - will remain open until the project is complete, and the Accounting Department is notified to close the contract.

- b. Defined term contracts – will remain open until the term of the contract has expired or the Accounting department has been notified by the department responsible for the contract to close out the contract in advance of the contract expiration date.

#### D. Change Orders

Purchase orders and contracts represent a contractual agreement between the Agency and the vendor. Any substantial change to a purchase order or contract shall be documented as a change order. A change may include a change in quantity, description, size, unit price, amount or scope of work to be performed.

- i. Purchase Order Change Orders
  - a. Requirement

Any change to a purchase order will require an approved purchase order change order.
  - b. Approval

Change orders shall be approved by the requisitioning department supervisor or department head in accordance with section 9.A.iii.
  - c. Submission

Approved purchase order change orders shall be submitted to the Accounting department.
- ii. Non-PPW Contract Change Orders
  - a. Requirement

A contract may not be increased by more than 10% without a contract change order, except for taxes, shipping and handling as discussed below.
  - b. Approval

Change orders shall be approved by the applicable position within section 9.C.iv of this policy for the sum of the original contract plus any approved and proposed change orders combined.
  - c. Submission

Approved contract change orders shall be submitted to the Accounting department who will make the required changes to the contract.
- iii. PPW Change Orders – Non-CIP
  - a. General Manager authority
    - i. The General Manager may approve all change orders for non-CIP PPW
    - ii. If a change order will cause the Board approved budget for the functional area to be exceeded by more than 10% or \$200,000 a budget augmentation shall be obtained prior to the execution of the change order except in case of emergency.
- iv. PPW Contract Change Orders - CIP
  - a. General Manager authority
    - i. The General Manager may approve change orders for PPW CIP that does not cause the CIP budget to exceed 10% or \$200,000 of the Board approved budget for the project.

b. Board of Directors approval

Change orders for PPW CIP shall be presented to the Board of Directors when it alters the scope/nature of the project and/or when the change order will require a budget augmentation as it will cause a budget overage of more than 10% or \$200,000.

v. Taxes, shipping and handling

Taxes, shipping and handling may cause the purchase order to exceed the authorized amount. These items do not require a change order, even if they exceed 10% of the original purchase order amount.

## E. Receiving

i. Physical goods

- a. Review the shipment for accuracy as compared to the packing slip.
- b. Remit packing slip to Accounting.
- c. Remit invoice to Accounting if received with shipment.

ii. Digital media

- a. Verification of digital receipt of digital media will be provided to Accounting as proof of receipt.
- b. Remit invoice to Accounting if received with provision of digital media.

iii. Services

- a. Verification of services provided will be provided by the submission of an approved invoice for the service to Accounting.

## F. Recognition of Expense

Except for Capital Improvement Projects, costs are expensed from the fiscal year budget in which the goods or services are received and not from the fiscal year in which the purchase order or contract was issued.

## G. Progress Payments for Capital Improvement Projects

When a Contract for a Capital Improvement Project has been approved by the Board of Directors, the release of progress payments may be approved by the General Manager with no limit. The General Manager may delegate this authority to the Assistant General Manager or to the Finance Director.

## 10. Definition of Terms

The following definitions shall apply as they relate to this Policy:

- A. **Authority to Approve** shall mean authority to designate funding for a specific procurement.
- B. **Capital Improvement Project** or **CIP** or **Capital Asset** shall mean a project that has a value of at least \$10,000, has a lifespan of longer than three years, and results in the creation or revitalization of a fixed asset.
- C. **Change Order** shall mean any modification to an existing procurement or respective contractual document subsequent to award.
- D. **Contract** shall mean the legal document authorizing the procurement of services.
- E. **Cooperative Procurement** shall mean a procurement (combining of requirements) conducted on behalf of two or more public procurement units in order to obtain the benefit of volume purchasing and/or reduction in administrative expenses.
- F. **Delegate Authority** shall mean authority to assign authority, at specified limits, to respective subordinate staff.
- G. **Emergency** shall mean a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or operation of the District's facilities.
- H. **Force Account Work** shall mean the use of a grantee's own labor force or equipment to carry out an emergency project prior to agreement as to the cost and may be eligible for reimbursement based on the actual cost of labor, equipment, and materials plus an agreed percentage for overhead (i.e. FEMA or CalOES)
- I. **Formal Solicitation** shall mean the issuance of a written request for sealed bids, proposals, or quotations.
- J. **Functional Area** shall mean a sub-segment of the Agency's operational budget such as source of supply, transmission/distribution, general & administrative, etc.
- K. **General Manager** shall mean the executive in charge of day-to-day Agency operations.
- L. **Goods** shall mean tangible goods that are not associated with services
- M. **Informal Solicitation** shall mean the verbal or written request for a written bid, proposal, or quotation.
- N. **Invitation for Bids** shall mean a formal process for soliciting sealed bids from qualified prospective suppliers. Typically, involves advertising the solicitation, a formal bid opening, and the awarding of a contract to a responsive and responsible supplier based on price and other specified factors.
- O. **Procurement** shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, and equipment, real property, or public works services.
- P. **Professional Services** shall mean any specially trained and experienced person, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, legal, technical, architectural, or other administrative/ professional matters.
- Q. **Public Project Work** shall mean the construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility and painting or repainting of any publicly owned, leased, or operated facility and the

construction, erection, improvement or repair of dams, reservoirs and power plants or as otherwise defined by CPC 22002.

- R. **Purchase Order Requisition** or **Requisition** shall mean a standardized form that specifies the items/services to be obtained for approval in order to create a Purchase Order.
- S. **Purchase Order** shall mean the legal document authorizing the procurement of goods.
- T. **Request for Proposal** (RFP) shall mean a formal solicitation for bids/proposals that involves more than just price. An RFP is a detailed specification of goods or services required by DWA that is sent to potential suppliers or service providers. Prospective suppliers/service providers submit the requested information and are evaluated and the contract awarded based on pre-established criteria provided within the RFP.
- U. **Request for Quotation** (RFQ) shall mean an informal solicitation for quotes that involves only price for a specified product or service.
- V. **Responsible** shall mean a bidder or proposer who has proper resources, technical capabilities and financial capacity to deliver materials or perform the work.
- W. **Responsive** shall mean a bidder or proposer whose bid/proposal complies in all material aspects with the Invitation for Bids, Request for Proposal or Request for Quotation by the bid opening or proposal closing date.
- X. **Routine Maintenance** shall mean tasks performed on some frequency (monthly, annually, bi-annually, etc.) for the purpose of keeping systems in good operating condition and preventing large-scale equipment failure.
- Y. **Service** shall mean tasks performed for the benefit of the recipient.
- Z. **Sole Source** shall mean procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

## DESERT WATER AGENCY

## RFP vs. RFQ

## Request for Proposal

### Definition

**Request for Proposal (RFP)** shall mean a formal solicitation for bids/proposals that involves more than just price. An RFP is a detailed specification of services required by DWA that is sent to potential service providers. Prospective service providers submit the requested information, are evaluated, and the contract awarded based on pre-established criteria provided within the RFP.

### When to Use an RFP

An RFP shall be used for the solicitation of Professional Services, valued over \$200,001 in accordance with the Bid Requirements Table located in Section 7.B of the Agency's Procurement Policy.

Professional services do not require competitive bidding, rather it is encouraged when it is determined to provide the best value to the Agency.

Due to the nature of certain projects requiring professional services, even though they are under the RFP requirement threshold of \$200,001 according to the Agency's Procurement Policy, the use of an RFP to procure professional services is encouraged to effectively communicate the Agency's needs. For example, services that have a high degree of variability of the final product or in approach used for providing the requested service, where price is not the main determining factor, an RFQ would not provide the level of detail needed to express the Agency's needs, and an RFP should be used.

### RFP Elements

#### Summary or Introduction

This is a brief description of the Agency, the project, and requirements. The goal is to quickly present the project or service needed by the Agency to interest potential providers or to deter those away that cannot provide the service desired. If they are interested, they can continue through the rest of the RFP document.

## Agency Background

Provide an overview of the Agency and the services we provide. Below is a template overview that can be used as a starting point for your RFP. Please modify it to provide extra detail and emphasis that will be beneficial for potential service providers to know about the Agency.

The Desert Water Agency is a Special District of the State of California, founded as a groundwater management agency in the western Coachella Valley in 1961 and started providing retail water service to customers in Palm Springs and a portion of Cathedral City in 1968. The Agency is one of only 29 state water contractors in California. This gives the Agency the ability to import water, which is used to recharge the local groundwater basin (the main source of water in the valley).

The Agency currently has approximately 23,000\* domestic water connections that serve approximately 106,000\*\* customers (including seasonal population).

The Agency also provides recycled water service to 10\* metered customers. These customers use recycled water to irrigate golf courses, parks, street medians and the Palm Springs High School athletic fields. The Agency's recycled water plant provides the additional tertiary water treatment to City of Palm Springs wastewater effluent, meeting the California title 22 water reuse standards.

The Agency provides wastewater collection and conveyance services for customers in a small portion of Cathedral City (Dream Homes development, Downtown Cathedral City, and the Cathedral City Cove). The wastewater collected by the Agency is transported to wastewater treatment facilities operated by other entities (Coachella Valley Water District and City of Palm Springs).

The Agency is governed by a five-member Board of Directors, elected by division within the Agency's boundaries. The General Manager administers the day-to-day operations of the Agency in accordance with resolutions, ordinances and policies established by the Board of Directors.

Information regarding the Agency is available for review on our website, [www.dwa.org](http://www.dwa.org). Additional information is available upon request.

*\*Validate with Accounting prior to publishing in RFP*

*\*\*Validate with Conservation prior to publishing in RFP*

## Nature of Services Required (Scope of Work & Deliverables)

You should describe the scope of work, which is what you expect from the project and the vendor. The more detail you can provide in the Scope of Work and technical details (if any) will help the vendors to determine the proposal cost more accurately. Clearly communicated expectations can help to reduce the need for future change orders. Additionally, communicate any known unknowns (if any) in the proposal as this will also aid the vendor in properly evaluating your project in order to submit a proposal.

## Timelines

Proposal Timeline – Provide dates relevant to the RFP and vendor selection.

1. RFP issuance date
2. Notice of Intent date.  
Depending on the nature of the RFP, it is helpful to receive notification from vendors of their intent to submit a proposal. This allows for the Agency to know how many vendors are planning on submitting a proposal. If there are no vendors that intend to submit a proposal, the Agency will not have to wait until the proposal due date to either locate other potential vendors or inquire from vendors why they are declining to submit a proposal and the Agency can evaluate if changes to the RFP or project must be made.
3. Deadline for questions
4. Proposal due date
5. Estimated vendor selection date (This is not the contract award date, but rather, the anticipated date a vendor will be selected to move forward into contract negotiations.)

Project Timeline – Provide the desired project timeline. This will allow potential vendors to determine if they can fit the Agency's project into their workload.

1. Project start date
2. Project completion date (if applicable)

## Elements of Proposal

Indicate any elements that are required to be included in the proposal. The Elements of Proposal will vary for each RFP depending on the nature of the service required. However, outlining which required elements you would like to receive in each proposal will help to ensure you receive the information you need to make a decision, as well as provide uniformity between proposals for easier comparison. Some RFP's may include:

1. Transmittal letter
2. Statement that the proposal is a final and irrevocable offer for a given period (ie. 60 calendar days) after the submission due date.
3. Vendor or project team description and relevant project experience
4. References
5. Proposed schedule/work plan
6. Cost of proposal
7. Disciplinary Action – request for the vendor to provide information regarding any disciplinary action taken or pending against the vendor in a specified time frame with any regulatory or professional organizations.

### Proposal Submission Instructions

1. Submission Method - Indicate the desired proposal submission methods.
  - a. Emailed digital copy: provide the name, title, and email address of the DWA representative that the proposal should be emailed to
  - b. Printed copy (mailed or hand delivered): provide the name, title, and mailing address of the DWA representative that the proposal should be delivered to
2. Submission Date & Time
3. Questions - Description of how questions from vendors will be handled. For any questions received regarding the RFP, the question and response must be remitted to all vendors who received the RFP (if known), or all vendors who have responded with their intent to submit a proposal. Questions should be submitted in writing; this will allow for the questions to be distributed to all proposing vendors so all will be able to create their proposals with the same information.
4. Proposal Amendments - Provide the process for amending submitted proposals prior to the submission deadline.
5. Inquiries - Contact information for the individual to whom the vendor should submit any inquiries regarding the RFP, including if there is a requirement for inquiries to be submitted in writing.
6. Opening of Proposals - Provide details regarding how the proposals will be opened. For example, "Proposals will be opened and evaluated internally. There will not be a public opening".

### Evaluation Criteria

Indicate the evaluation criteria that will be used. This can be solely on price or a combination of other criteria. If using multiple criteria, indicate if there is any specific weight given to each category (example below). Evaluation criteria and weights assigned to evaluation criteria may be modified as desired.

Evaluation Criteria	Weight
Understanding of Need/Approach	40%
Experience	20%
Fee	20%
Schedule	15%
References	5%

## Request for Quotation

### Definition

**Request for Quotation (RFQ)** shall mean an informal, written, solicitation for quotes from selected suppliers or service providers to provide price quotes for a specific task or project.

### When to use an RFQ

An RFQ shall be used for the solicitation of goods and services as required by Sections 7.D, 7.E and 7.F of the Agency's Procurement Policy. An RFQ is usually used when the quantity and specifications of a product or service are standard and known.

Due to the nature of certain projects requiring professional services, even though they are a under the RFP requirement threshold of \$200,000 according to the Agency's Procurement Policy, the use of an RFP to procure professional services is encouraged to effectively communicate the Agency's needs. For example, services that have a high degree of variability of the final product or in approach used for providing the requested service, where price is not the main determining factor, an RFQ would not provide the level of detail needed to express the Agency's needs, and an RFP should be used.

### RFQ Elements

At minimum, the following elements should be included in an RFQ.

1. Name and contact information of Agency representative requesting the quote
2. Specifications and/or requirements of the good(s) or service
3. Indication of quantity required (goods)
4. Request for unit price (goods)
5. Request for labor cost, including number of hours and cost per hour (services)
6. Required delivery date of goods or service (if applicable)
7. Quote submission deadline
8. Format for submitting the quote (email, fax, etc.)

# Procurement Policy Highlights

Board of Directors Meeting  
December 19, 2023

# Procurement Policy



## Today's Topics

Policy Development Process

Policy Highlights

Questions

# Policy Development & Review

# Procurement Policy



## Policy Development & Review

### Completed

- Drafted by purchasing and Finance Director
- Department Head & key staff review
- Management review
- Legal review
- Finance Committee review

### Next

- Board review & approval

# Policy Highlights

# Procurement Policy



## Draft Policy Highlights

### Purpose (1)

- Define the practices governing the procurement of supplies, materials, equipment and services
- Requirement of California Government Code § 54202
- Serve as the Agency's administrative procedure governing procurement activities

# Procurement Policy

## Draft Policy Highlights, cont.



Policy, cont. (2)

### Responsibility (2.c)

- Delegation of the role of Purchasing Agent to responsible positions for administration of the policy
  - Assistant General Manager
  - Finance Director
  - Controller
  - Accounting Supervisor

# Procurement Policy

## Draft Policy Highlights, cont.



### Conflict of Interest (3)

- The General Manager may not have any direct or indirect interest in any procurement.
- If a staff member, Director, or other agents of the Agency who has a direct or indirect interest in a procurement, the individual shall be removed from the decision-making process and management of the goods or services procured if awarded in their favor.

# Procurement Policy

## Draft Policy Highlights, cont.



### Authority and Responsibility (6)

#### Purchasing Agent Responsibilities (6.B)

- Oversee the administration of the policy
- Conduct internal audits
- Provide training to Agency staff on the policy

#### Department Head Responsibilities (6.C)

- Engage in competitive bidding
- Provide fair and equitable treatment of vendors
- Coordinate vendor relations, locate sources of supply and evaluate vendor performance
- Ensure goods and services conform to specifications

# Procurement Policy

## Draft Policy Highlights, cont.



### Bid/Quote Requirements (7)

#### General (7.A)

- Competitive bidding
- 3 Quote/bid minimum – unless an exception is granted within the policy or the General Manager
- Bid will be awarded to the lowest 'qualified' bidder or according to criteria outlined in the Request for Proposal (RFP) where weighted criteria are pre-determined

# Procurement Policy

## Draft Policy Highlights, cont.



### Bid/Quote Requirements, cont. (7)

#### Bid Requirements Table (7.B)

Purchase Amount	Purchase Type	Bid Requirements	Section	PO Required	Contract Required
\$0 - \$5,000	Goods & Services	Informal Bids/Quotes	<b>C</b>	Yes	No
\$5,001 +	Goods	Informal Quotes	<b>D</b>	Yes	No
\$5,001 - \$50,000	Routine Maintenance	Informal Bids/Quotes	<b>E</b>	Yes	No
\$5,001 - \$50,000	Non-Professional Services	Informal Bids/Quotes	<b>E</b>	Yes	No
\$5,001 - \$50,000	Professional Services	Informal Bids/Quotes	<b>E</b>	No	Yes
\$50,001 - \$200,000	Professional Services	Informal Bids/Quotes	<b>F</b>	No	Yes
\$50,001 - \$200,000	Routine Maintenance	Informal Bids/Quotes	<b>F</b>	Yes	No
\$50,001 - \$200,000	Non-Professional Services	Informal Bids/Quotes	<b>F</b>	Yes	No
\$200,001 +	Routine Maintenance	Informal Bids/Quotes	<b>F</b>	No	Yes
\$200,001 +	Non-Professional Services	Informal Bids/Quotes	<b>F</b>	No	Yes
\$200,001 +	Professional Services	RFP	<b>G</b>	No	Yes
\$200,001 +	Public Project Work	Formal Public Bids	<b>H</b>	No	Yes

# Procurement Policy

## Draft Policy Highlights, cont.



### Bid/Quote Requirements, cont. (7)

#### Highlights

- Section 7.D - The Agency may select a preferred provider through an RFQ process for frequently quoted services for a period of 12-months (i.e. printing services)
- Section 7.F & 7.G – Term
  - Maintenance and service contracts may not exceed 36-months unless approved by the Board
  - One (1) 24-month extension may be approved by Management
  - Extensions of over 24-months or \$100,000 must be approved by the Board

# Procurement Policy

## Draft Policy Highlights, cont.



### Exemption to Bid Requirements (8)

#### Purchases (8.A)

- Certain purchases are not readily adaptable to the competitive bidding process and competitive bidding and purchase orders will not be used

#### Sole Source (8.C)

- Commodities, services and equipment which can be obtained from only one vendor are exempt from competitive bidding

# Procurement Policy

## Draft Policy Highlights, cont.



### Exemption to Bid Requirements (8)

#### Brand Standardization (8.D)

- The Agency may limit the brands utilized if deemed to be in the best interest of the Agency
- Competitive bidding still required if there are multiple suppliers

#### Professional Services (8.E)

- Professional Services are exempt from competitive bidding requirements, but are still encouraged when it is deemed to provide the best value to the Agency
- Professional services are still subject to required approvals according to the Procurement Policy

# Procurement Policy

## Draft Policy Highlights, cont.



### Exemption to Bid Requirements (8)

#### Emergency Purchases & Work (8.F)

- During an emergency, the Agency may self-perform Public Project Work (PPW) and hire contractors without a formal bid

# Procurement Policy

## Draft Policy Highlights, cont.

### Workflow Documentation (9)

#### Contracts (9.C)

- Contract Execution Authority

Contract Amount (up to)	Agency Position
\$10,000	Department Heads
\$50,000	Staff Directors
\$75,000	Assistant General Manager
\$100,000	General Manager
\$100,001 +	Board of Directors

Questions?

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

**DECEMBER 19, 2023**

**RE: REQUEST AUTHORIZATION FOR FINANCE DIRECTOR TO  
EXECUTE REQUIRED DOCUMENTATION TO APPLY FOR AND  
ADMINISTER FUNDING FROM THE STATE WATER BOARD  
ASSOCIATED WITH THE CALIFORNIA EXTENDED WATER AND  
WASTEWATER ARREARAGE PAYMENT PROGRAM ON BEHALF  
OF DESERT WATER AGENCY**

The COVID-19 public health emergency heavily impacted the financial wellbeing of many local residents and businesses.

In 2021, through \$985 million in federal funding allocated by the state legislature, the State Water Board created the California Water and Wastewater Arrearage Payment Program (Program), to provide relief to community water and wastewater systems for unpaid bills related to the pandemic. The funding originally covered water and wastewater debt from residential and commercial customers accrued between March 4, 2020 and June 15, 2021. The application period ended on April 1, 2022, and the State Water Board disbursed over \$385 million to water and wastewater systems for residential and commercial arrearages. The Agency received and applied \$206,061 of these funds to eligible customer accounts for outstanding balances up to June 15, 2021.

On July 10, 2023, Governor Newsom signed a budget trailer bill expanding the Arrearage Program. This new extended Program expands the relief period to December 31, 2022, with the state legislature allocating the remaining \$600 million in federal funding for this program. Applications for the extended eligibility period will be accepted from November 2023 through January 31, 2024, however, applications received by December 31, 2023 are guaranteed funding.

The Agency is eligible to apply for funding on behalf of customers (current and inactive customers) who have outstanding balances from June 16, 2021, through December 31, 2022. Customers are not eligible to apply directly to the Program for funding. Agency staff is currently preparing the program application for submission prior to the guaranteed funding deadline of December 31, 2023.

Legal Review:

N/A

Fiscal Impact:

The Agency may receive up to \$61,980.79 (\$60,175.52 customer account funding, and \$1,805.27 for administrative costs) in federal funds through the California Extended Water and Wastewater Arrearage Payment Program.

Recommendation:

Staff recommends the Board of Directors authorize Finance Director Saenz to execute the required documentation to provide assurances, certifications and commitments associated with the receipt and use of funding from the State Water Board in relation to the California Extended Water and Wastewater Arrearage Payment Program application.

Attachments:

1. California Extended Water and Wastewater Arrearage Payment Program Guidelines

# ***CALIFORNIA EXTENDED WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM GUIDELINES***

***Adopted  
October 3, 2023***



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## ***INTRODUCTION***

The purpose of this document is to establish the process and criteria for the allocation and administration of the funds appropriated to the State Water Resources Control Board (State Water Board) in the Fiscal Years 2021-22 and 2023-24 Budgets for the California Extended Water and Wastewater Arrearage Payment Program (Extended Arrearage Program). The criteria include requirements associated with establishing payment plans for customers, and prohibitions on discontinuation of service for water systems participating in the Extended Arrearage Program. The Extended Arrearage Program is separate and distinct from previous arrearage programs established by the State Water Board.

The previous arrearages programs:

- California Water and Wastewater Arrearage Payment Program: Water Arrearages (Water Arrearages Program); and
- California Water and Wastewater Arrearage Payment Program: Wastewater (Wastewater Arrearages Program)

were established by guidelines adopted September 21, 2021, and amended on December 7, 2021 and January 19, 2022, which remain in effect as previously approved. The Extended Arrearage Program Guidelines neither amend, nor impact these previous standalone programs.

The funding source for the Extended Arrearage Program is the American Rescue Plan Act (ARPA) of 2021. Any federal requirements associated with the funding source may be requirements of the Extended Arrearage Program. The State Water Board will notify applicants' administrative contacts via email if any requirements change during Extended Arrearage Program implementation and correspondingly post changes to its website.

The Deputy Director of the Division of Financial Assistance (DFA), the Deputy Director of the Division of Water Quality (DWQ), and the Deputy Director of the Division of Drinking Water (DDW) may make clarifying, non-substantive amendments to these Guidelines. Future changes to these Guidelines may be necessary due to changes in law or in State Water Board policy. If substantive changes are necessary, amendments to the Guidelines will be considered by the State Water Board.

## ***DEFINITIONS***

**Applicant** – is a community water system, wastewater treatment provider, or wastewater billing entity that has applied to receive funds from the Extended Arrearage Program and in doing so is bound by these guidelines.

**Arrearage** – amount of money owed to a water system or wastewater treatment provider from nonpayment of residential and commercial accounts that accrued from completed billing periods during the COVID-19 pandemic bill relief period. Arrearage does not include late fees and interest on outstanding balances.

**Community water system** – a system described and regulated under the Safe Drinking Water Act (commencing with section 116270 of the Health and Safety Code): a public water system that serves at least 15 service connections used by permanent residents or regularly serves at least 25 permanent residents of the area served by the system. (Health & Saf. Code, § 116275, subd. (i).)

**Commercial customer** – a water system or wastewater treatment provider customer or connection that serves a commercial/institutional customer e.g., hotels, motels, restaurants, office buildings, government and military facilities, gas stations, hospitals, educational institutions, retail establishments, dormitories, nursing homes, churches, jails, prisons, mental health facilities, addiction recovery centers, farmworker housing, and campgrounds. Commercial customer does not include industrial (manufacturing, chemical, refineries, cooling towers, animal & food processing, etc.), agriculture irrigation (crops, aquaculture, etc.), or landscape irrigation (parks, golf courses, etc.).

**COVID-19 pandemic bill relief period** – the period from March 4, 2020, to December 31, 2022, inclusive, and includes any customer billing period that includes these dates.

**Customer notification** – a written notification to residential and commercial water system customers or connections of the amount of debt/arrearage bill credit provided by the Program. Notification must acknowledge the source of funds from the State. Notification language will be provided at a later date.

**Default** – either of the following:

- A customer's failure to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges for 60 days or more;
- A customer's failure to pay current residential service charges for 60 days or more from its due date, regardless of whether the customer is subject to an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges.

**Disadvantaged Community (DAC)** – a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

([Wat. Code, § 79505.5.](#))

**Large community water system** – a community water system that serves more than 3,300 connections or a yearlong population of more than 10,000 persons.

**Modified COVID-19 pandemic bill relief period** – the period beginning with the first billing period on or after June 16, 2021, that does not contain June 15, 2021, to December 31, 2022, inclusive, and includes any customer billing period that includes these dates.

**Past-due bills** – customer water or wastewater bills that are 60 days or more past due and includes active, inactive, and closed accounts and accounts that have payment plans or payment arrangements.

**Payment plan** – a plan for deferred or reduced payment including, but not limited to minimum payments, alternate payment schedules, or amortization of unpaid balances. The payment plan should include the option for 12 or more months for repayment of outstanding balances.

**Residential customer** – water service or wastewater treatment provider customers, including groundwater well owners charged for water in managed basins, residing in single-family residences, multifamily residences, mobile homes, including, but not limited to, mobile homes in mobile home parks, or farmworker housing that receive a bill for water or wastewater service.

**Small community water system** – a community water system as defined above that serves no more than 3,300 service connections or a yearlong population of no more than 10,000 persons. (Health and Saf. Code, § 116275, subd. (z).)

**State** – the State of California.

**Wastewater billing entity** – the designated billing entity for a wastewater treatment provider.

**Wastewater treatment provider** – either of the following: (1) city, county, special district, or joint powers authority that provides wastewater collection, treatment or disposal services through a publicly owned treatment works; or (2) any privately owned facility used in the treatment or reclamation of sewage or industrial wastes, and regulated by the Public Utilities Commission pursuant to sections 216 and 230.6 of, and chapter 4 (commencing with section 701) of part 1 of division 1 of the Public Utilities Code. (Health & Saf. Code, § 116773.2, subd. (h).)

**Water shutoff** – discontinuation of water service for nonpayment.

## ***SECTION A: ELIGIBILITY***

The following are eligible for funding:

- Community water systems that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period are eligible for the Extended Arrearage Program. This includes community water systems that transferred arrearage debt to a third-party such as a county under a Teeter Plan or a debt collection entity.
- Community water systems that collect eligible customer revenue through property tax rolls are also eligible if they can identify drinking water arrearages and can directly credit customers' accounts.
- Community water systems that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period and used a customer assistance program for that arrearage.
- Wastewater treatment providers that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period. This includes wastewater treatment providers that transferred arrearage debt to a third-party such as a county under a Teeter Plan or a debt collection entity.
- Wastewater treatment providers that collect eligible customer revenue through property tax rolls are also eligible if they can identify wastewater arrearages and can directly credit customers' accounts.
- Wastewater billing entities that accrued residential and commercial customer wastewater arrearages during the COVID-19 pandemic bill relief period. The wastewater billing entity must be able to identify wastewater arrearages and directly credit customers' accounts.
- Wastewater treatment provider or a wastewater billing entity that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period and used a customer assistance program for that arrearage.

## ***SECTION B: EXTENDED ARREARAGE PROGRAM REQUIREMENTS***

Applicants that do not comply with the Extended Arrearage Program requirements may be subject to enforcement actions by the State Water Board and may be required to return moneys to the State Water Board.

Community water systems that participate in the Extended Arrearage Program must:

- Waive customer late fees for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;

- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
- Notify customers of the amount credited toward eligible arrearages, except that an applicant may exclude Extended Arrearage Program funds used to replace the applicant's customer assistance program funds previously provided to the customer;
- Make best efforts to notify customers of the applicant's participation in the Extended Arrearage Program;
- Offer to enroll customers with remaining debt into a payment plan by direct notification to each customer, unless the customer currently is enrolled in a payment plan that can be carried forward after the arrearage credit is provided;
- Allow customers 30 days to enroll in a payment plan;
- Not discontinue water service until the customer defaults on the payment plan or misses the deadline to enroll in the payment plan;
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

Wastewater treatment providers that participate in the Program must:

- Waive customer late fees and interest for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;
- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
- Notify customers of the amount credited toward eligible arrearages, except that an applicant may exclude Extended Arrearage Program funds used to replace the applicant's customer assistance program funds previously provided to the customer;
- Make best efforts to notify customers of the applicant's participation in the Extended Arrearage Program;
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

Wastewater billing entities that participate in the Program must:

- Show proof the billing entity bills for services on behalf of a wastewater treatment provider;
- Waive customer late fees and interest for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;
- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;

- Notify customers of the amount credited;
- Make best efforts to notify customers of the applicant's participation in the Extended Arrearage Program;
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

More details on Extended Arrearage Program requirements are provided below.

## **B.1 REQUIREMENT FOR ALL COMMUNITY WATER SYSTEMS PARTICIPATING IN THE EXTENDED ARREARAGE PROGRAM**

All community water systems, regardless of size, participating in the Extended Arrearage Program, must offer payment plans to customers with arrearages, pursuant to Health & Safety Code § 116773.4, unless the customer currently is enrolled in a payment plan that can be carried forward after the arrearage credit is provided. The payment plans and their associated rules must be consistent with the Water Shutoff Protection Act established under Health and Safety Code section 116900 et seq. (Health & Saf. Code, § 116773.4, subd. (d).) Associated rules include, but are not limited to, rules and practices relating to the timing and manner of notice and discontinuation of service for payment plan defaults. Community water systems that violate provisions of the Water Shutoff Protection Act may be subject to enforcement action by DDW or the Attorney General.

## ***SECTION C: PROPORTIONAL ALLOCATION OF FUNDS TO APPLICANTS***

### **C.1 PURPOSE AND OVERVIEW**

Section C of the Guidelines describes the process the State Water Board will use to establish the allocation methodology. One-time payments will be made to applicants based on the allocation methodology established in this section. Applicants receiving payments will credit customer bills in accordance with the methodology established in Section E after receiving payment from the State Water Board.

### **C.2 METHODOLOGY TO ESTABLISH ALLOCATION OF FUNDS**

The State Water Board will announce a 60-day application period for submittal of application for those eligible for the Extended Arrearage Program. After the close of the application period, all eligible applications will be totaled. If the total amount of applications is less than available funds for the program, all eligible applications will receive 100 percent of their application amount. If the total amount of applications exceeds the funds available for the program, each eligible applicant will receive a proportional percentage of their application amount. (Health & Saf. Code, § 116773.4, subd. (b)(4)).

## **SECTION D: APPLICATION REQUIREMENTS**

State Water Board staff will provide an application package to all eligible applicants and begin accepting complete applications upon noticing that the application period has begun. The applications will be accepted through an online portal that will be available on the Program webpage. Technical assistance will be available through the State Water Board staff, and outside providers to assist applicants that need help completing the application.

Applicants will need to register for a Unique Entity Identification (UEI) number at [Sam.gov](https://sam.gov) before applying if they do not already have one.

The application will consist of the following forms:

- Application/disbursement form - identifying the maximum amount of funding the applicant may apply for. The application form must be signed by the applicant's authorized representative or designee.
- Conditions of payment form – details the program requirements with which the authorized representative, on behalf of the applicant, agrees to comply.

There will be an initial 60-day application period. State Water Board staff will attempt to electronically contact all community water systems, wastewater treatment providers, and wastewater billing entities and may provide technical assistance with the application if requested and resources allow. State Water Board staff will assist applicants with completing applications upon request.

### **D.1 PROGRAM ELIGIBILITY**

Applications for the Extended Arrearage Program will be stand-alone applications.

Applicants that participated in the Water Arrearages Program or the Wastewater Arrearages Program are eligible for the Extended Arrearages Program but are only eligible for the modified COVID relief period that excludes the previous programs' original COVID relief period (March 4, 2020 through June 15, 2021). No modifications or adjustments to applications or funding amounts for the Water Arrearage Program or the Wastewater Arrearage Program are allowed.

Applicants participating in the program for the first time are eligible for the Extended Arrearage Program for the full, unmodified COVID relief period.

### **D.2 PROGRAM APPLICATIONS**

#### **D.2.1 Application Process**

Applicants must submit the application with the designated forms, signed by the authorized representative or designee, to the application portal and mail the forms to the State Water Board prior to the end of the application period announced by the State Water Board. Applicants must provide documentation from accounting or billing

systems verifying the reported arrearages as part of the application. The authorized representative, or its designee, must attest to the accuracy of the application material and the reported arrearages based on the applicant's documentation or the methodology used by the State Water Board if supporting documentation is unavailable.

### **D.2.2 Application Review Process**

State Water Board staff will verify that the reported arrearages are supported by the applicant's documentation. Staff may request additional information if the arrearages submitted with the application lack adequate supporting documentation. Technical assistance may be available for systems serving disadvantaged communities that lack supporting documentation of arrearages.

## **D.3 COMBINED BILLING SYSTEMS**

For applicants that combine water or wastewater with other utilities including but not limited to stormwater, refuse, and/or energy, only the water and wastewater-related portion of the arrearage is eligible for total or partial reimbursement. Community water systems with combined billing may not shut off water due to non-payment of the portion of the bill for other services that accrued during the COVID-19 pandemic relief bill period. This prohibition does not apply to debt accrued before or after the COVID-19 pandemic relief bill period.

For applicants that cannot determine the proportion of the arrearage related to water or wastewater service for each customer account, the applicant will use an average customer approach to estimate the proportion of the applicant's arrearage that is attributable to the water or wastewater portion of the bill for its residential and commercial customer classes. For each customer class, the applicant will first calculate the average annual bill. Next the applicant will calculate the average annual water or wastewater portion of the average annual customer bill. Then the average annual water or wastewater portion will be determined using the following formula:

*Average Annual Percentage of Water or Wastewater Charge =*

*(Average Annual Water or Wastewater Charges / Total Average Annual Bill) x 100*

The average annual percentage of water or wastewater charge will be the percentage that is applied to the applicant's customer arrearages.

The Deputy Director of DDW is authorized to resolve any disputes regarding the estimation methodology for water charges. The Deputy Director of DWQ is authorized to resolve any disputes regarding the estimation methodology for wastewater charges.

## **D.4 LATE APPLICATIONS**

The State Water Board will hold leftover funds for eligible applicants that do not

complete the application by the end of the 60-day application period until January 31, 2024. Third-party technical assistance providers will be available to assist systems. Applicants that submit late applications are not guaranteed funding.

## ***SECTION E: DISBURSEMENT PROCESS AND PRIORITY***

State Water Board staff will process disbursements as soon as complete applications are received and reviewed. Staff will prioritize the timing of disbursements to small applicants serving small communities. State Water Board staff may also prioritize the timing of disbursements to applicants serving disadvantaged communities. Staff will begin disbursing funds shortly after the close of the application period. In order to expedite payments, checks may be sent to either the applicant's physical address or the address of the Authorized Representative, if that address is on file with DFA.

Staff will contact applicants with incomplete or missing applications to assist applicants and expedite payments.

## ***SECTION F: ALLOCATION TO CUSTOMERS***

### **F.1 ALLOCATION**

Applicants may request and expend funds up to three percent (3%) of the value reported in the application for customer arrearages, or up to \$1 million, whichever is less, for administrative costs they incur in applying for assistance or complying with Extended Arrearage Program requirements. Applicant's administrative costs to apply for funds and comply with Program requirements must be documented and reported to the State Water Board. The State Water Board will provide a template for reporting administrative costs.

#### **F1.1 Debt Transferred to Third Parties**

Applicants that have transferred their arrearages that qualify for the Program to a third party are eligible and may still apply to receive funding. Applicants that no longer hold the arrearage debt may credit qualifying customer accounts by doing any of the following: (1) directly paying the third party to reduce or eliminate the debt; (2) refunding the credited amount to the customer; or (3) creating a positive balance for customers to apply toward future bills. Applicants must notify their customers of this credit and must indicate that the relief afforded by this credit should be used to pay down the debt that was transferred to the third party.

#### **F.1.2 Applicants that Utilized Customer Assistance Funds**

Applicants that utilized an existing customer assistance program to aid customers with qualifying arrearages may be eligible for the Program and receive payment for those arrearages previously covered by their customer assistance program. Eligibility will be determined after consultation with the State Water Board to determine that all Program requirements can be met.

### **F.1.3 Late Fees**

Approved applicants must waive late fees for customers with arrearages. Late fees cannot be included in the calculation of total arrearages or deducted from the amount to credit to customers' accounts. This prohibition does not apply to debt accrued before or after the COVID-19 pandemic relief bill period.

## **F.2 CUSTOMER CREDIT AND NOTIFICATION**

### **F.2.1 Notifications to Customers**

Approved applicants must make best efforts to notify customers that they have applied for arrearage assistance from the State Water Board, and that this funding may be applied to customer debt accrued during the COVID-19 pandemic relief period, or the modified COVID-19 pandemic relief period, whichever is appropriate. Best efforts include notices on internet webpages, notices on social media sites, and signage at offices or payment centers.

Applicants are encouraged to modify their accounting systems to the extent feasible, or take other reasonable steps, to assign any past due amounts paid by customers to debt outside of the eligible COVID-19 pandemic relief period so that customer may receive the maximum amount of aid from the Extended Arrearage Program. Applicants are encouraged to communicate information regarding the Extended Arrearage Program to customers who are attempting to pay past due bills or are on a payment plan to maximize the amount of aid from the Extended Arrearage Program.

Approved applicants must allocate the funds as bill credits to customers within 60 days of receiving funds. Approved applicants must notify customers in writing of the amount credited. The acknowledgement must state that the credited amount is being provided through the California Extended Water and Wastewater Arrearage Payment Program through funding from the State Water Resources Control Board using federal American Rescue Plan Act funds.

Approved applicants must provide a public notice in their customer billing inserts, newsletters, websites, or other appropriate customer communication methods of the total amount of funding the applicant has received from the State Water Resources Control Board using federal American Rescue Plan Act funds for customer assistance. The total amount stated should be the sum of all the funding the applicant received under the Water Arrearages Program, the Wastewater Arrearages Program, and the Extended Arrearages Program.

## **F.2.2 Payment Plan Requirements for Community Water Systems**

Approved community water systems must offer to enroll any residential and commercial customers with remaining balances after the credits have been applied in a payment plan, if the customer is not enrolled in a payment plan at the time the credits are applied. The notice offering the payment plan must provide the customer with 30 days to enroll in the plan from the date of the notice. All other provisions of Health and Safety Code section 116900 related to payment plans apply to any plans established under this Program, regardless of the size of the community water system.

- Policies and related notices must be in English and any other language spoken by 10% or more of the community water system's customers
- A formal mechanism for a customer to contest or appeal a bill must exist and must be shared with customers.
- The community water system must provide a telephone number to allow a customer to contact a system representative to discuss options for averting water shutoff for nonpayment.

Community water systems also must include a referral statement in the payment plan notice that additional assistance may be available through the Low Income Household Water Assistance Program administered by the Department of Community Services and Development (CSD) and other low-income assistance programs, including a contact number for appropriate Local Service Provider(s) or other program hotline to help with enrollment in those programs.

The State Water Board recommends that community water systems enter into agreements with CSD and other appropriate agencies and local service providers to share appropriate information to identify and target assistance to customers at risk of being shutoff so that eligible customers receive benefits through those and other assistance programs. The State Water Board further recommends that community water systems that offer local customer assistance programs consider entering into data sharing agreements with Investor Owned Utilities participating in the California Alternate Rates for Energy (CARE) program to support ongoing enrollment.

## **F.2.3 Shut Off Prohibition for Community Water Systems**

Beginning on the date that a community water system applies for funds from this Program, the community water system must cease shut offs due to non-payment of bills and restore any discontinued services eligible to receive bill credits from the Extended Arrearage Program. A community water system may not discontinue water service before the later of the following dates: (1) the date 30-days after the customer's account was credited and the customer was notified of the opportunity to enter into a payment plan; or (2) for a customer that has been offered a payment plan, the date the customer misses the enrollment deadline for, or defaults on, the payment plan. A community water system may not discontinue water service to a customer that remains current on a payment plan. Community water systems, regardless of size, must comply with

Health and Safety Code section 116908 et seq. regarding discontinuation of service. This prohibition does not apply to a customer whose debt accrued entirely outside of the COVID-19 pandemic relief bill period. This prohibition does apply to any customer who will receive Extended Arrearage Program funding regardless of whether the customer also has debt outside of the COVID-19 pandemic relief bill period.

#### **F.2.4 Consumer Debt Reporting and Third-Party Collection**

Applicants must agree to not furnish information regarding arrearages for which credits have been provided to customers under the Extend Arrearages Program to any consumer reporting agency, as that term is defined at 15 U.S.C. section 1681a, subdivision (f). Applicants must also agree not to assign to a third party any arrearage for which a credit has been provided to a customer under the Extended Arrearage Program for purposes of collection.

If an applicant has furnished information regarding arrearages for which credits have been provided to customers under the Extended Arrearage Program to a consumer reporting agency, as that term is defined at 15 U.S.C. section 1681a, subdivision (f), the applicant agrees to, within thirty days of receiving payment:

Instruct each such consumer reporting agency to delete all information regarding the arrearages for which credits have been provided to customers under the Extended Arrearage program; and

Cease further furnishing of information regarding the arrearages for which credits have been provided to customers under the Extended Arrearage Program to any consumer reporting agency.

If an applicant has assigned arrearages for which credits have been provided to customers under the Extended Arrearage Program for purposes of collection to a third party that is not a tax agency, the applicant agrees to recall the debt. If the third party at any time furnished information regarding the debt to one or more consumer reporting agencies, as that term is defined at 15 U.S.C. section 1681a, subdivision (f), the applicant agrees to, within thirty days of receiving payment, require the third party to:

Instruct each such consumer reporting agency to delete all information regarding the debt; and

Cease further furnishing of information regarding the debt to any consumer reporting agency.

#### **F.2.5 Tax Information**

Applicants should consult with tax professionals regarding potential tax liability and reporting requirements. The State Water Board is not authorized to provide federal or state tax advice to applicants.

The Internal Revenue Service posted fact sheets for “Frequently asked questions for states and local governments on taxability and reporting of payments from

Coronavirus State and Local Fiscal Recovery Funds.” The fact sheets provide general information to taxpayers and tax professionals related to the Coronavirus State and Local Fiscal Recovery Funds established under the American Rescue Plan Act. The fact sheets can be found at this web location:

<https://www.irs.gov/newsroom/frequently-asked-questions-for-states-and-local-governments-on-taxability-and-reporting-of-payments-from-coronavirus-state-and-local-fiscal-recovery-funds>

### **F.3 RETURN OF FUNDS NOT CREDITED TO CUSTOMERS**

Applicants must remit any funds not credited to customers in accordance with Program requirements, with the exception of authorized administrative costs, back to the State Water Board within six months of receiving payment.

## ***SECTION G: REPORTING REQUIREMENTS***

All applicants that receive funds must provide certification to the State Water Board within six-months from receipt that, except for authorized administrative costs, Extended Arrearage Program funds were applied as credits to customer bills to offset COVID-19 arrearages. Applicants must report the total amount credited, the number of accounts credited, the number of customers enrolled in a payment plan and the number of customers that did not enroll in a payment plan. Applicants must also report the amount used for administration of the Program. The State Water Board will provide a template and/or online portal for reporting, including a template for reporting administrative costs. The State Water Board may request the supporting documentation to validate the reported amounts. Applicants accepting funds may be audited and must retain documentation supporting the reported amounts for seven years following final reporting.

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

**DECEMBER 19, 2023**

**RE: REQUEST FOR BUDGET AUGMENTATION AND APPROVAL OF  
REVISED CLASSIFICATION AND SALARY CHART EFFECTIVE  
JANUARY 1, 2024**

In order to meet Desert Water Agency staffing requirements and to better allocate job duties, staff is recommending that two new positions be added to the current budget. Staff is also recommending that one position be changed from a part-time position to a full-time position. Finally, Staff is recommending that the Fleet Mechanic Foreman salary range be adjusted to bring the position in line with the other foremen in the Construction Department and to correct previous salary surveys that did not account for higher level duties that the position is required to perform.

Staff is recommending the following changes effective January 1, 2024:

I. New positions to be added to the budget:

- Public Affairs Manager
- Water Resources Manager

II. Changes to positions currently in the budget:

- Office Assistant changing from a part-time position to a full-time position
- Fleet Mechanic Foreman moving from salary range 43 to salary range 46

These above referenced changes have been reflected in the updated salary and classification chart.

Fiscal Impact:

Increase in 2023/2024 Administrative and General expense by \$165,400 to be funded by the Reserve for Operations. The fiscal impact to the 2024/2025 budget will be \$406,000. Finance Director Saenz has reviewed this report.

Legal Review:

N/A

Recommendation:

Staff recommends that the Board of Directors authorize the following:

1. Augment the 2023/2024 Operating and General Fund Budgets. Increasing payroll and benefit expenses and decreasing the Reserve for Operations in the amount of \$165,400 (\$125,400 Operating Fund and \$40,000 General Fund).
2. Approve the revised classification and salary chart effective January 1, 2024.

Attachments:

Attachment #1 – Salary and Classification Listing Effective 1-1-2024

**Desert Water Agency**  
**Position Classification and Monthly Salary Schedule**  
**Effective 12/22/2023 for RDO2 Pay Period Employees. Effective 12/29/2023 for RDO1 and Classic Pay Period Employees.**

DEPARTMENT	POSITION TITLE	RANGE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
<b>ACCOUNTING</b>	Account Clerk I	24	\$4,473	\$4,703	\$4,930	\$5,189	\$5,445
	Account Clerk II	31	\$5,315	\$5,588	\$5,871	\$6,172	\$6,478
	Account Clerk III	34	\$5,727	\$6,013	\$6,319	\$6,636	\$6,978
	Account Clerk/Telephone Operator	20	\$4,054	\$4,259	\$4,473	\$4,703	\$4,930
	Accountant	46	\$7,692	\$8,092	\$8,502	\$8,927	\$9,383
	Accounting Supervisor	55	\$9,609	\$10,091	\$10,592	\$11,130	\$11,688
	Controller	66	\$12,578	\$13,206	\$13,876	\$14,588	\$15,324
	Computer Operator I	31	\$5,315	\$5,588	\$5,871	\$6,172	\$6,478
	Computer Operator II	40	\$6,636	\$6,978	\$7,328	\$7,692	\$8,092
	Office Assistant	18	\$3,860	\$4,054	\$4,259	\$4,473	\$4,703
	Senior Account Clerk	40	\$6,636	\$6,978	\$7,328	\$7,692	\$8,092
<b>ADMINISTRATIVE</b>	Administrative Assistant I	33	\$5,588	\$5,871	\$6,172	\$6,478	\$6,806
	Administrative Assistant II	38	\$6,319	\$6,636	\$6,978	\$7,328	\$7,692
	Administrative Assistant III	40	\$6,636	\$6,978	\$7,328	\$7,692	\$8,092
	Executive Secretary/Assistant Secretary to the Board	54	\$9,383	\$9,854	\$10,345	\$10,868	\$11,406
	Senior Administrative Assistant	46	\$7,692	\$8,092	\$8,502	\$8,927	\$9,383
<b>CONSTRUCTION - FLEET MAINTENANCE</b>							
<b>Construction</b>	Assistant Construction Superintendent	53	\$9,156	\$9,609	\$10,091	\$10,592	\$11,130
	Construction Superintendent	65	\$12,276	\$12,890	\$13,545	\$14,230	\$14,952
	Equipment Operator	36	\$6,013	\$6,319	\$6,636	\$6,978	\$7,328
	Water Service Foreman	46	\$7,692	\$8,092	\$8,502	\$8,927	\$9,383
	Water Service Worker I	28	\$4,930	\$5,189	\$5,445	\$5,727	\$6,013
	Water Service Worker II	33	\$5,588	\$5,871	\$6,172	\$6,478	\$6,806
	Water Service Worker III	37	\$6,172	\$6,478	\$6,806	\$7,149	\$7,511
<b>Fleet Maintenance</b>	Fleet Mechanic Foreman	46	\$7,692	\$8,092	\$8,502	\$8,927	\$9,383
	Fleet Mechanic I	31	\$5,315	\$5,588	\$5,871	\$6,172	\$6,478
	Fleet Mechanic II	36	\$6,013	\$6,319	\$6,636	\$6,978	\$7,328

**Desert Water Agency**  
**Position Classification and Monthly Salary Schedule**  
**Effective 12/22/2023 for RDO2 Pay Period Employees. Effective 12/29/2023 for RDO1 and Classic Pay Period Employees.**

DEPARTMENT	POSITION TITLE	RANGE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
<b>FIELD SERVICES</b>	Field Services Representative I	34	\$5,727	\$6,013	\$6,319	\$6,636	\$6,978
	Field Services Representative II	37	\$6,172	\$6,478	\$6,806	\$7,149	\$7,511
	Field Services Supervisor	53	\$9,156	\$9,609	\$10,091	\$10,592	\$11,130
	Field Services Technician I	27	\$4,822	\$5,063	\$5,315	\$5,588	\$5,871
	Field Services Technician II	31	\$5,315	\$5,588	\$5,871	\$6,172	\$6,478
	Field Services Technician III	37	\$6,172	\$6,478	\$6,806	\$7,149	\$7,511
<b>ENGINEERING - OPERATIONS</b>							
<b>Engineering</b>	Associate Engineer	56	\$9,854	\$10,345	\$10,868	\$11,406	\$11,982
	Construction Inspector I	40	\$6,636	\$6,978	\$7,328	\$7,692	\$8,092
	Construction Inspector II	44	\$7,328	\$7,692	\$8,092	\$8,502	\$8,927
	Engineering Technician I	34	\$5,727	\$6,013	\$6,319	\$6,636	\$6,978
	Engineering Technician II	39	\$6,478	\$6,806	\$7,149	\$7,511	\$7,891
	Engineering Technician III	43	\$7,149	\$7,511	\$7,891	\$8,291	\$8,712
	Laboratory Director	53	\$9,156	\$9,609	\$10,091	\$10,592	\$11,130
	Operations and Engineering Manager	72	\$14,588	\$15,324	\$16,097	\$16,896	\$17,745
	Senior Engineer	64	\$11,982	\$12,578	\$13,206	\$13,876	\$14,588
	Senior Engineering Technician	45	\$7,511	\$7,891	\$8,291	\$8,712	\$9,156
	Staff Engineer	51	\$8,712	\$9,156	\$9,609	\$10,091	\$10,592
	GIS Specialist I	46	\$7,692	\$8,092	\$8,502	\$8,927	\$9,383
	GIS Specialist II	49	\$8,291	\$8,712	\$9,156	\$9,609	\$10,091
	Senior GIS Specialist	52	\$8,927	\$9,383	\$9,854	\$10,345	\$10,868
<b>Operations</b>	Operations Technician Foreman	51	\$8,712	\$9,156	\$9,609	\$10,091	\$10,592
	Operations Technician I	37	\$6,172	\$6,478	\$6,806	\$7,149	\$7,511
	Operations Technician II	41	\$6,806	\$7,149	\$7,511	\$7,891	\$8,291
	Operations Technician III	46	\$7,692	\$8,092	\$8,502	\$8,927	\$9,383
	Operations Technician in Training	30	\$5,189	\$5,445	\$5,727	\$6,013	\$6,319
	System Operator I	35	\$5,871	\$6,172	\$6,478	\$6,806	\$7,149
	System Operator II	38	\$6,319	\$6,636	\$6,978	\$7,328	\$7,692
	System Operator III	41	\$6,806	\$7,149	\$7,511	\$7,891	\$8,291
	System Operator in Training	30	\$5,189	\$5,445	\$5,727	\$6,013	\$6,319
	Water Operations Supervisor	60	\$10,868	\$11,406	\$11,982	\$12,578	\$13,206

**Desert Water Agency**  
**Position Classification and Monthly Salary Schedule**  
**Effective 12/22/2023 for RDO2 Pay Period Employees. Effective 12/29/2023 for RDO1 and Classic Pay Period Employees.**

DEPARTMENT	POSITION TITLE	RANGE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
<b>WATER RESOURCES</b>	Water Resources Manager	64	\$11,982	\$12,578	\$13,206	\$13,876	\$14,588
	Water Resources Specialist I	42	\$6,978	\$7,328	\$7,692	\$8,092	\$8,502
	Water Resources Specialist II	49	\$8,291	\$8,712	\$9,156	\$9,609	\$10,091
	Senior Water Resources Specialist	53	\$9,156	\$9,609	\$10,091	\$10,592	\$11,130
<b>FACILITIES MAINTENANCE AND SAFETY</b>	Facilities and Safety Officer	54	\$9,383	\$9,854	\$10,345	\$10,868	\$11,406
	Facilities and Safety Technician	43	\$7,149	\$7,511	\$7,891	\$8,291	\$8,712
<b>INFORMATION TECHNOLOGY</b>	Information Technology Manager	65	\$12,276	\$12,890	\$13,545	\$14,230	\$14,952
	PC Support Technician I	37	\$6,172	\$6,478	\$6,806	\$7,149	\$7,511
	PC Support Technician II	43	\$7,149	\$7,511	\$7,891	\$8,291	\$8,712
	Senior PC Support Technician	51	\$8,712	\$9,156	\$9,609	\$10,091	\$10,592
	Programmer I	50	\$8,502	\$8,927	\$9,383	\$9,854	\$10,345
	Programmer II	54	\$9,383	\$9,854	\$10,345	\$10,868	\$11,406
<b>MANAGEMENT</b>	General Manager	Contract	N/A	N/A	N/A	N/A	\$28,454
	Assistant General Manager	83	\$19,096	\$20,048	\$21,050	\$22,107	\$23,212
	Finance Director	81	\$18,190	\$19,096	\$20,048	\$21,050	\$22,107
	Human Resources Director	69	\$13,545	\$14,230	\$14,952	\$15,705	\$16,500
	Director of Public Affairs and Conservation	74	\$15,324	\$16,097	\$16,896	\$17,745	\$18,628
<b>CONSERVATION</b>	Conservation Manager	60	\$10,868	\$11,406	\$11,982	\$12,578	\$13,206
	Conservation Specialist I	38	\$6,319	\$6,636	\$6,978	\$7,328	\$7,692
	Conservation Specialist II	43	\$7,149	\$7,511	\$7,891	\$8,291	\$8,712
	Senior Conservation Specialist	47	\$7,891	\$8,291	\$8,712	\$9,156	\$9,609
	Outreach and Conservation Associate	45	\$7,511	\$7,891	\$8,291	\$8,712	\$9,156
<b>PUBLIC AFFAIRS</b>	Public Affairs Manager	61	\$11,130	\$11,688	\$12,276	\$12,890	\$13,545
	Outreach Specialist I	41	\$6,806	\$7,149	\$7,511	\$7,891	\$8,291
	Outreach Specialist II	45	\$7,511	\$7,891	\$8,291	\$8,712	\$9,156
	Senior Outreach Specialist	48	\$8,092	\$8,502	\$8,927	\$9,383	\$9,854
	Public Affairs and Water Planning Coordinator	42	\$6,978	\$7,328	\$7,692	\$8,092	\$8,502
<b>SNOW CREEK SECURITY</b>	Snow Creek Security	17	\$2,867	\$3,010	\$3,162	\$3,318	\$3,483

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

**DECEMBER 19, 2023**

**RE: REQUEST APPROVAL OF CONTRACT AWARD FOR  
CONSTRUCTING 2021/2022 REPLACEMENT PIPELINES (BETTY  
CREE TRACT, LURING SANDS TRACT, SUNMORE ESTATES,  
VAL VISTA TRACT, TRACT 14416, AND PALM VALLEY ESTATES)**

On December 7<sup>th</sup>, Desert Water Agency received five bids for the 2021/2022 Replacement Pipeline Project. The bid amounts and Engineer's Estimate are as follows:

<b><u>Contractor</u></b>	<b><u>Bid Amount</u></b>
Borden Excavating, Inc.	\$4,099,247.00
Downing Construction, Inc.	\$4,762,726.00
Weka, Inc.	\$6,857,307.00
Mike Bubalo Construction, Inc	\$7,993,350.00
J.R. Filanc Construction Company	\$8,362,000.00
ENGINEER'S ESTIMATE	\$4,880,000.00

Borden Excavating, Inc. submitted the lowest responsive bid for this project. Borden Excavating, Inc.'s low bid is 13.9% lower than the next lowest bid from Downing Construction, Inc.; and 16.0% lower than the engineers estimate. Borden Excavating, Inc. is considered a capable contractor with a current Class A Contractor's License, #741879.

The 2021/2022 Capital Improvement Budget includes Work Order No. 21-111—08 for Betty Cree Tract, Luring Sands Tract, Sunmore Estates, Val Vista Tract, Tract 14416, and Palm Valley Estates Pipeline Replacement Project. This project will install approximately 15,800 linear feet of 8" ductile iron pipe and 610 linear feet of 12" ductile iron pipe. The budget amount for the work order is \$5,670,000, to include engineering, construction, and inspection.

Legal Review:

N/A

Fiscal Impact:

The Engineer's Estimate for construction of the project is \$4,880,000 (contract cost). The bid from Borden Excavating, Inc. is \$780,753.00 under the Engineers Estimate for construction. With an estimated Agency labor and material cost of \$540,000, the total estimate cost for the project is \$4,639,247. The total cost is under the Agency's project budget. Finance Director Saenz has reviewed this report.

Recommendation:

Staff recommends that the Board of Directors approve the award of contract for constructing the 2021/2022 Pipeline Replacement Project to Borden Excavating, Inc. in the Amount of \$4,099,247.00.

Attachments:

Attachment #1 – Vicinity Map

Attachment #2 – Area Maps 1-6

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

1 mi

Google Earth

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

1 mi

Google Earth

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

Google Earth

1 mi

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

Google Earth

1 mi

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

Google Earth

1 mi

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

Google Earth

1 mi

**Pipeline Replacements**  
Palm Springs Aerial

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Area 2

Area 3

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Area 6

1 mi

Google Earth

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

Google Earth

1 mi

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

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Area 6

Google Earth

1 mi

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

1 mi

Google Earth

**Pipeline Replacements**  
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Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

1 mi

Google Earth

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

Area 5

Area 6

1 mi

Google Earth

**Pipeline Replacements**  
Palm Springs Aerial

Area 1

Area 2

Area 3

Area 4

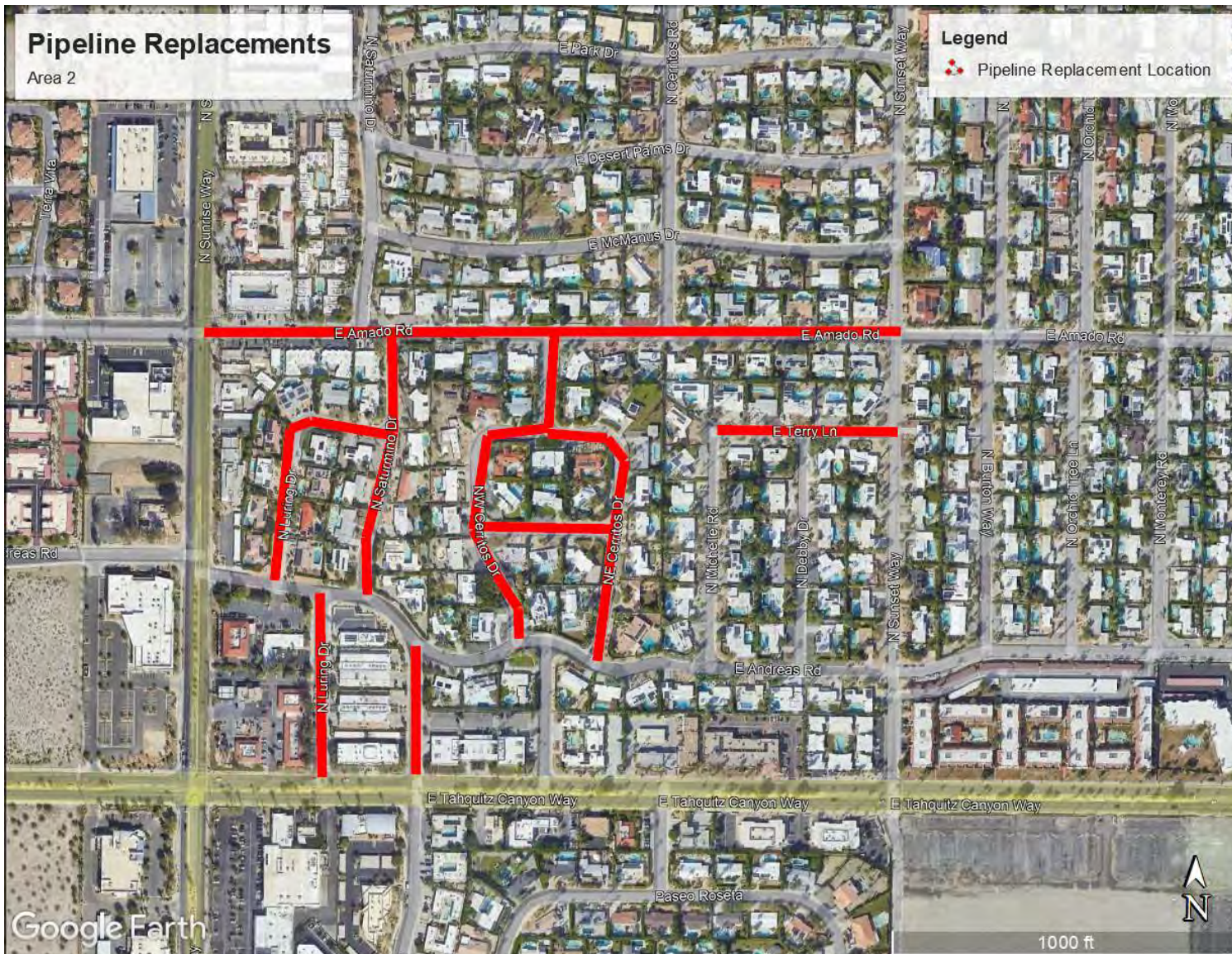
Area 5

Area 6

Google Earth

1 mi

### Area 1: Betty Cree Tract



Area 2: Luring Sands Tract



Area 3: Sunmore Estates



Area 4:Val Vista Tract



## Area 6: Palm Valley Estates

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

**DECEMBER 19, 2023**

**RE: REQUEST AUTHORIZATION FOR GENERAL MANAGER TO  
ENTER INTO A LICENSE AGREEMENT WITH THE DEPARTMENT  
OF WATER RESOURCES FOR CONSTRUCTION, INSTALLATION,  
OPERATION, AND MAINTENANCE OF WATER QUALITY  
MONITORING WELLS ON TWO DWA-OWNED PROPERTIES**

Pursuant to Chapter 7 (commencing with Section 10729) of Division 6, Part 2.74 of the California Water Code, the State shall provide in-kind and subcontracted technical services for investigating and gathering data on groundwater conditions in groundwater basins of California to assist Groundwater Sustainability Agencies in developing Groundwater Sustainability Plans, collectively referred to “Technical Support Services”, or “TSS”.

Multiple locations in Desert Water Agency’s (DWA) service area were identified as having limited groundwater data in the shallow aquifer. DWA, along with other GSAs in the Indio and Mission Creek Subbasins, submitted well service requests to the TSS program. The Department of Water Resources (DWR) approved two DWA-owned properties (Site or Sites) for participation in the TSS program and construction of water quality monitoring wells that will help fill the data gap in the shallow aquifer.

Upon approval of entering into this License Agreement and completion of other necessary documentation, DWR will construct one monitoring well on each DWA-owned property along with any necessary appurtenances within each Site. All work for construction and installation of the monitoring well will be performed by DWR’s subcontractor. DWR will fund this portion of the work through the TSS program.

Upon completion of drilling and developing the monitoring wells by DWR, DWA Staff will operate, maintain, and repair each monitoring well as needed. DWA staff will obtain data from the monitoring wells including water level, quality, and temperature. This data will be used to update the Sustainable Groundwater Management Act (SGMA) Alternative Plan as well as helping implement the Coachella Valley Salt and Nutrient Management Plan (CV-SNMP) Workplan.

Fiscal Impact:

FY 2023/2024 budget includes \$69,000 for construction of these two monitoring wells in the Indio subbasin along with a third monitoring well to be constructed in the Mission Creek subbasin. These funds will be used to obtain any permits needed, purchase materials as needed, and complete setup of SCADA to enable automatic data gathering of water levels. Finance Director Saenz has reviewed this report.

Legal Review:

Legal Counsel has reviewed this license agreement.

Recommendation:

Staff recommends that the Board of Directors authorize the General Manager to enter into a license agreement with DWR for construction, installation, operation, and maintenance of water quality monitoring wells on two DWA-owned properties.

Attachments:

Attachment #1 – License Agreement for Groundwater Monitoring Station

## **LICENSE AGREEMENT FOR GROUNDWATER MONITORING STATION**

This License Agreement for Groundwater Monitoring Station (this “Agreement”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”), by and between the Desert Water Agency, hereinafter “Licensor,” and the Department of Water Resources, a department of the State of California’s Natural Resources Agency (“DWR”). DWR is hereinafter at times referred to as “Licensee”. Licensor and Licensee are hereinafter at times collectively referred to as the “Parties” and individually as a “Party.”

### **RECITALS**

A. Licensor is the owner of one parcel of real property located in the City of Palm Springs and one parcel of real property located in Cathedral City, County of Riverside, State of California. The first parcel (“Parcel A”) is more particularly described in Exhibit A attached hereto and incorporated herein by reference. The second parcel (“Parcel B,” and together with Parcel A, the “Properties”) is more particularly described in Exhibit B, attached hereto and incorporated herein by reference). The Properties overlay a portion of the Indio groundwater subbasin.

B. Licensor is a Groundwater Sustainability Agency (GSA), duly established and existing pursuant to California law. Pursuant to California law, Licensor is responsible for establishing and implementing a comprehensive groundwater sustainability plan (GSP) for the Indio groundwater subbasin. DWR assists Licensor to comply with its obligations under California law. Accordingly, Licensor and DWR are jointly entering into this Agreement in furtherance of the GSA’s efforts to establish and administer a GSP for the Indio groundwater subbasin.

C. Pursuant to this Agreement, Licensor is granting Licensee a license (the “License”) for purposes of constructing, installing, operating, maintaining, and administering one groundwater monitoring station on Parcel A and another on Parcel B. The approximate location of the groundwater monitoring well portion of the groundwater monitoring station on Parcel A is shown on Exhibit A and the approximate location of the groundwater monitoring well portion of the groundwater monitoring station on Parcel B is shown on Exhibit B. The approximate locations of the groundwater monitoring wells are individually referred to as a “Site” and collectively as the “Sites.” The groundwater monitoring stations will enable Licensor to collect data necessary for the development and implementation of its GSP.

Now, therefore, for good and valuable consideration, the receipt and adequacy of which the Parties mutually acknowledge, the Parties agree as follows:

### **AGREEMENT**

#### **1. Grant of License.**

Licensor hereby grants to Licensee a License to enter upon and use the Properties as set forth in Section 2 of this Agreement, on the terms and conditions set forth in this Agreement.

#### **2. Use of Property.**

Pursuant to this Agreement, Licensee is granted a License to perform the Work (defined below) on the Sites and to enter, exit, and travel across the Properties for purposes of accessing the

Sites and performing the Work. Licensee will enter and exit the Sites using the "Access Routes" identified on Exhibits A and B. As used herein, the "Work" consists of (1) the construction and installation of one well per Site; (2) construction and installation of necessary, convenient, or desirable appurtenances within the Sites for such groundwater monitoring wells, including but not limited to data monitoring stations, concrete pads and structural components; (3) operating, maintaining, and/or repairing the improvements set forth in items (1) and (2), including, but not limited to, repairing and replacing all necessary material, equipment, and/or supplies; and (4) obtaining data from the groundwater monitoring wells, including groundwater levels, quality, and temperature. Work items (1) and (2) are collectively at times referred to herein as the "Project." The groundwater monitoring station will be constructed at the approximate location of each Site indicated on Exhibits A and B and the Work will be performed in an area around each station of a size determined by Licensee in its reasonable discretion to be necessary, convenient, or desirable. Further, Licensor shall refrain from any use of the Properties that is inconsistent with or would interfere in any way with the License granted herein.

Subject to the foregoing, and for avoidance of doubt, Licensor may use the Properties in any way that does not unreasonably interfere with Licensee's use of the Properties and the Sites as provided for in this Agreement.

### **3. Division of Work**

DWR shall perform Work items (1) and (2) set forth in Section 2, above, and Licensor shall perform Work items (3) and (4) set forth in Section 2, above. However, Licensor may, in its sole and absolute discretion, at times assist DWR perform Work items (1) and/or (2) or perform a portion of such Work items itself. Similarly, DWR may, in its sole and absolute discretion, at times assist Licensor perform Work items (3) and/or (4) or perform a portion of such Work items itself.

### **4. Character of License**

The License granted hereunder shall be irrevocable for the term provided for in Section 5, below. Further, this Agreement shall remain in full force and effect in the event Licensor transfers the Properties, or either of them, or any part thereof, whether voluntarily or involuntarily, and shall be binding on Licensor's successor and assigns. Licensor agrees to inform any successor or assign of the existence and content of this Agreement prior to any such transfer. Further, Licensee may convey its rights and obligations under this Agreement to any third party upon the written approval of Licensor (or Licensor's successors and assigns, as applicable). Licensor's approval shall not be unreasonably withheld, and in any event, Licensor shall grant or deny any such Licensee request within 60 calendar days and Licensor's failure to do so shall be deemed a grant of any such request.

### **5. Term**

The License granted hereunder will be for a term commencing on the Effective Date and, except as expressly provided herein to the contrary, will terminate on the date that is 180 calendar days after Licensor provides written notice of termination to Licensee as provided for in Section 11 hereof, (the "Termination Date"). However, Licensor may provide such written notice of termination only on or after November 1, 2043. Notwithstanding the preceding sentence, DWR may in its sole and absolute discretion at any time cause the earlier termination of this Agreement by selecting a date before November 1, 2043, as the Termination Date and providing at least 30 calendar days advance notice of such new Termination Date to Licensor.

### **6. Intentionally Deleted**

## **7. Representations and Warranties**

(a) Licensor hereby represents and warrants as of the date this Agreement is fully executed as follows:

(1) Licensor is a water agency, duly organized and validly existing under the laws of California and is currently in good standing and legally authorized to conduct business in Riverside County, California.

(2) Licensor has full power and authority to enter into this Agreement and any other documents contemplated by this Agreement and to assume and perform all of Licensor's obligations hereunder; the persons executing this Agreement and any other documents contemplated by this Agreement on behalf of Licensor have been authorized and empowered to bind Licensor thereto; and this Agreement is, and each instrument and document to be executed by Licensor hereunder shall be, a valid, legally binding obligation of Licensor enforceable against Licensor in accordance with its terms.

(b) DWR hereby represents and warrants as of the date this Agreement is fully executed as follows:

(1) DWR is a department within the Natural Resources Agency, an agency of the State of California.

(2) DWR has full power and authority to enter into this Agreement and any other documents contemplated by this Agreement and to assume and perform all of DWR's obligations hereunder; the persons executing this Agreement and any other documents contemplated by this Agreement on behalf of DWR have been authorized and empowered to bind DWR thereto; and this Agreement is, and each instrument and document to be executed by DWR hereunder shall be, a valid, legally binding obligation of DWR enforceable against DWR in accordance with its terms.

## **8. Repair**

DWR shall within a reasonable amount of time following the discovery thereof repair any damage to the Properties or the Sites to the extent caused directly by DWR's use of the Sites or Properties, including any necessary repair to roads or paths used by DWR. DWR's repairs required hereunder shall return the Properties and Sites, as applicable, to the condition it was in immediately preceding the occurrence of any such damage, normal wear and tear excepted.

## **9. Project Removal**

Within 180 calendar days after the Termination Date Licensor shall destroy the wells DWR installed within the Sites in accordance with DWR's then-prevailing well completion and destruction standards. Except as expressly set forth in the preceding sentence, Licensee shall have no obligation to remove the Project, or any portion thereof or to perform any other removal or restoration work on the Properties.

## **10. Indemnification**

The Parties, each on their own respective behalf, agree to indemnify and hold harmless each other Party and its employees, contractors, agents, representatives, transferees, successors, assigns, or invitees, from and against any and all liabilities, claims, actions, or demands, costs or expenses, including reasonable attorney's fees (collectively, a "Loss"), arising out of or in any way connected to each of their and their respective, contractors', representatives', heirs', successors', assigns', or invitees' use of the Sites and Properties, and in any case, such indemnity being to the extent of Loss caused by their or their contractors', representatives', heirs', successors', assigns', or invitees' willful misconduct or active negligence.

## **11. Notices**

All notices given pursuant to this Agreement must be in writing and by electronic mail delivered to the addresses set forth below, promptly followed by personal delivery, U.S. Mail or established express delivery service, such as Federal Express, with postage or delivery charge prepaid, return receipt requested, and addressed to the person and address designated below. All notices shall be effective upon receipt.

If to Licensor:	Sarah Rapolla, Senior Water Resources Specialist Desert Water Agency 1200 South Gene Autry Trail Palm Springs, CA 92264 <a href="mailto:SRapolla@dwa.org">SRapolla@dwa.org</a> (760) 323-4971 x 127
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If to DWR:	Jason Preece, Technical Assistance Section – Senior Engineering Geologist Department of Water Resources P.O. Box 942836 Sacramento, CA 94236 <a href="mailto:Jason.Preece@water.ca.gov">Jason.Preece@water.ca.gov</a>
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## **12. Third Party Beneficiaries**

The License granted hereunder shall inure to the benefit of the Licensee and its employees, officers, agents, contractors, successors, and assigns. Subject to the foregoing, this Agreement shall not confer any rights or remedies on any person or entity.

## **13. Governing Law**

This Agreement shall be governed by, interpreted under and construed and enforced in accordance with, the laws of the State of California, without giving effect to its conflicts of laws principles.

## **14. Severability**

If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect, and each provision of this Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this Agreement can be determined and effectuated.

## **15. Incorporation of Recitals and Exhibits**

The recitals to this Agreement, and all exhibits referred to in this Agreement are incorporated herein by such reference and made a part of this Agreement as though set forth in full herein.

## **16. Entire Agreement**

This Agreement sets forth the entire understanding and agreement of the Parties and shall supersede any other agreements and understandings (written or oral) between the Parties on or prior to the date of this Agreement with respect to the subject matter of this Agreement.

## **17. Amendment, Modification, and Waiver**

No amendment or modification to any term or provision of this Agreement or waiver of any covenant, obligation, breach or default under this Agreement shall be valid unless in writing and executed and delivered by each of the Parties. No waiver of any provision of this Agreement by a party shall be construed as a waiver of any subsequent breach or failure of the same term or condition, or as a waiver of any other provision of this Agreement.

## **18. Execution in Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute one agreement with the same effect as if the Parties had signed the same signature page. The Parties agree to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (CUETA) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. The Parties further agree that the electronic signatures of the Parties included in this License are intended to authenticate this writing and to have the same force and effect as manual signatures.

Signatures Appear on the following Page

**Licensors Name, Address, and Phone, e-mail:**

Phone No.   
e-mail

Signature

Date:

**ACCEPTANCE RECOMMENDED:**

Ashley Wilson, Associate Right of Way Agent    Date

Jesus Ceden, Senior Right of Way Agent    Date

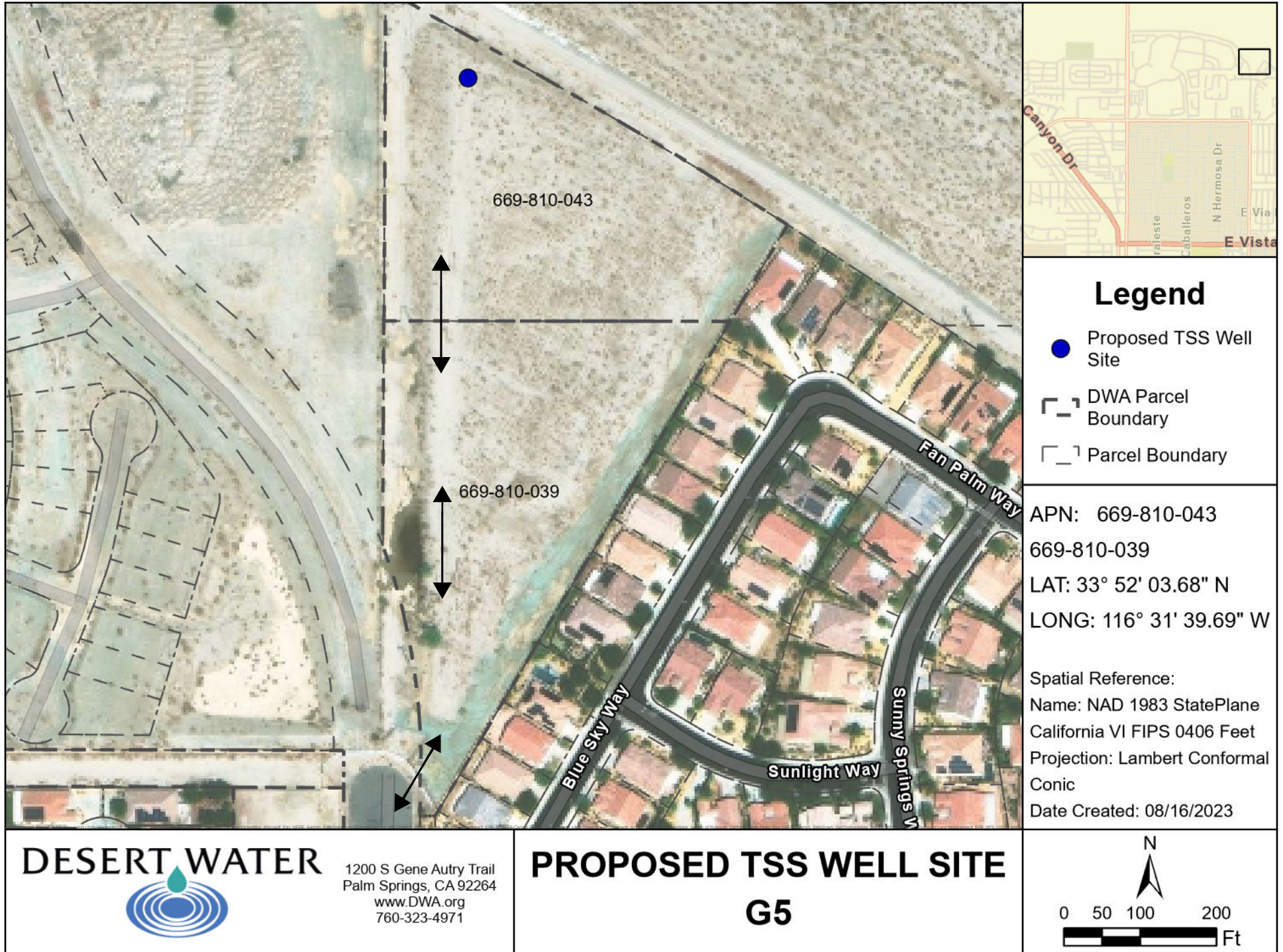
**ACCEPTED:**  
**State of California Department of Water Resources**

Linus A. Paulus, Manager  
Acquisition and Appraisal Section  
  
Date:

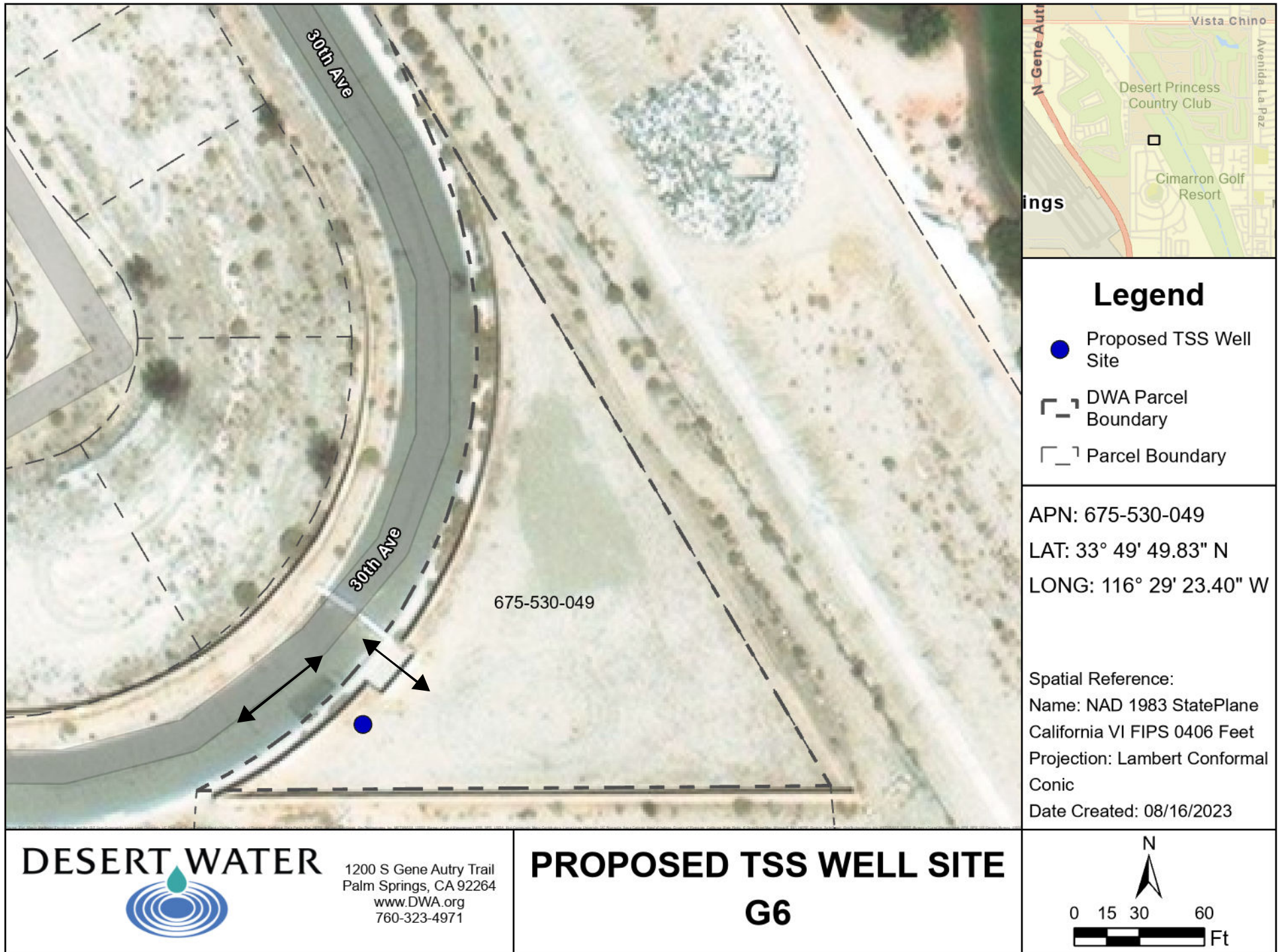
I hereby certify that all conditions for exemption have been complied with and this document is exempt from Department of General Services approval.

Linus A. Paulus, Manager    Date  
Acquisition and Appraisal Section

# EXHIBIT A



## EXHIBIT B



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

**DECEMBER 19, 2023**

**RE: REQUEST FOR APPROVAL TO FILE NOTICE OF EXEMPTION  
FOR CONSTRUCTION, INSTALLATION, OPERATION, AND  
MAINTENANCE OF WATER QUALITY MONITORING WELLS ON  
TWO DWA-OWNED PROPERTIES**

Pursuant to Chapter 7 (commencing with Section 10729) of Division 6, Part 2.74 of the California Water Code, the State shall provide in-kind and subcontracted technical services for investigating and gathering data on groundwater conditions in groundwater basins of California to assist Groundwater Sustainability Agencies in developing Groundwater Sustainability Plans, collectively referred to “Technical Support Services”, or “TSS”.

Multiple locations in Desert Water Agency’s (DWA) service area were identified as having limited groundwater data in the shallow aquifer. DWA, along with other GSAs in the Indio and Mission Creek Subbasins, submitted well service requests to the TSS program. The Department of Water Resources (DWR) approved two DWA-owned properties (Site or Sites) for participation in the TSS program and construction of water quality monitoring wells that will help fill the data gap in the shallow aquifer.

To satisfy the California Environmental Quality Act (CEQA) requirements, the Desert Water Agency intends to file CEQA Notice of Exemptions (NOE) for the construction, installation, operation, and maintenance of one water quality monitoring well to be constructed on each of the two DWA-owned properties (two wells in total). The Program does not have the potential to result in a significant effect on the environment and qualifies for CEQA exemption under Categorical Exemptions, Class 3: New Construction of Small Structures (§ 15301) and Class 6: Information Collection (§ 15302).

With approval granted today, Staff will file one NOE for each property in Riverside County. Filing of the NOE will begin the 35-day statute of limitations on legal challenges to the Agency’s approval of the project under CEQA. At the conclusion of the 35-day period, Staff will prepare and submit a legal challenges letter to DWR per the requirements under the grant program.

Fiscal Impact:

FY 2023/2024 budget includes \$69,000 for these two monitoring wells in the Indio subbasin along with a third monitoring well to be constructed in the Mission Creek subbasin. These funds will be used to obtain any permits needed, file environmental documentation, purchase materials as needed, and complete setup of SCADA as needed to enable automatic data gathering of water levels. Funding from this budget will be used to cover the cost of filing the Notice of Exemptions. Finance Director Saenz has reviewed this report.

Legal Review:

N/A

Recommendation:

Staff recommends that the Board of Directors give approval for Staff to file one Notice of Exemption for each site (two total) for construction, installation, operation, and maintenance of water quality monitoring wells on two DWA-owned properties.

Attachments:

Attachment #1 – Notice of Exemption – TSS Monitoring Well G5

Attachment #2 – Notice of Exemption – TSS Monitoring Well G6

## NOTICE OF EXEMPTION

TO: Riverside County Clerk 2720 Gateway Drive Riverside, CA 92507	FROM: Name: Desert Water Agency (Public Agency) Address: P. O. Box 1710 Palm Springs, CA 92263  Telephone: (760) 323-4971
---	---

1. Project Title:	TSS Monitoring Well G5
2. Project Applicant:	Desert Water Agency
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	TSS Monitoring Well G5 is located South of Interstate 10, North of State Highway 111, East of Indian Canyon Drive, and West of Gene Autry Trail, on parcels identified as Assessor's Parcel Numbers 669-810-043 and 669-810-039, in the City of Palm Springs, Riverside County, California. Refer to attached map.
4. (a) Project Location – City: Palm Springs	(b) Project Location – County: Riverside County
5. Description of nature, purpose, and beneficiaries of Project:	Pursuant to Chapter 7 (commencing with Section 10729) of Division 6, Part 2.74 of the California Water Code, the State shall provide in-kind and subcontracted technical services for investigating and gathering data on groundwater conditions in groundwater basins of California to assist Groundwater Sustainability Agencies in developing Groundwater Sustainability Plans, collectively referred to as "Technical Support Services" or "TSS". Pursuant to an agreement between the State of California Department of Water Resources (DWR) and Desert Water Agency (DWA), DWA will construct, operate, and maintain a monitoring well, which will be operated to monitor groundwater conditions within the underlying groundwater basin. The beneficiaries of the project are the customers of Desert Water Agency.
6. Name of Public Agency approving project:	Desert Water Agency
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Desert Water Agency
8. Exempt status: (check one)	
(a) <input type="checkbox"/> Ministerial project.	(Pub. Resources Code § 21080(b)(1); State CEQA Guidelines § 15268)
(b) <input type="checkbox"/> Not a project.	
(c) <input type="checkbox"/> Emergency Project.	(Pub. Resources Code § 21080(b)(2),(4); State CEQA Guidelines § 15269(b),(c))
(d) <input checked="" type="checkbox"/> Categorical Exemption. State type and section number:	Class 3: New Construction of Small Structures (§ 15301) and Class 6: Information Collection (§ 15302)

(e) <input type="checkbox"/> Declared Emergency.	(Pub. Resources Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f) <input type="checkbox"/> Statutory Exemption. State Code section number:	
(g) <input checked="" type="checkbox"/> Other. Explanation:	State CEQA Guidelines § 15061(b)(3)
9. Reason why project was exempt:	The project consists of constructing, operating, and maintaining a monitoring well on existing DWA-owned parcels. The primary purpose of the project is to collect information about the underlying groundwater conditions. The project will not result in a significant effect on the environment, including those effects listed in State CEQA Guidelines § 15300.2
10. Lead Agency Contact Person: Telephone:	Sarah Rapolla, Desert Water Agency (760) 323-4971 ext. 127
11. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing. N/A	
12. Has a Notice of Exemption been filed by the public agency approving the project? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
13. Was a public hearing held by the Lead Agency to consider the exemption? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, the date of the public hearing was: <a href="#">Click to enter date</a>	

\_\_\_\_\_  
Signature

Date: November 16, 2023

James R. Beale  
\_\_\_\_\_  
Name

Title: Krieger & Stewart, Incorporated  
Agency Consulting Engineer

☒ Signed by Lead Agency

☐ Signed by Applicant




Date Received for Filing: [Click to enter date](#)

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.  
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.



## Legend

-  Proposed TSS Well Site
-  DWA Parcel Boundary
-  Parcel Boundary

APN: 669-810-043  
669-810-039  
LAT: 33° 52' 03.68" N  
LONG: 116° 31' 39.69" W

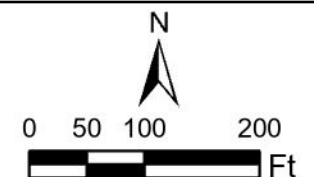
Spatial Reference:  
Name: NAD 1983 StatePlane  
California VI FIPS 0406 Feet  
Projection: Lambert Conformal  
Conic  
Date Created: 08/16/2023

DESERT WATER



1200 S Gene Autry Trail  
Palm Springs, CA 92264  
www.DWA.org  
760-323-4971

## PROPOSED TSS WELL SITE G5



## NOTICE OF EXEMPTION

TO: Riverside County Clerk 2720 Gateway Drive Riverside, CA 92507	FROM: Name: Desert Water Agency (Public Address: P. O. Box 1710 Agency) Palm Springs, CA 92263  Telephone: (760) 323-4971
---	---

1. Project Title:	TSS Monitoring Well G6
2. Project Applicant:	Desert Water Agency
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	TSS Monitoring Well G6 is located west of Cimarron Golf Course and Desert Princess Country Club Golf Resort, east of Escena Golf Club and Gene Autry Trail, south of E. Vista Chino, and North of San Mateo Drive , on a parcel identified as Assessor's Parcel Number 675-530-049, in Cathedral City, Riverside County, California. Refer to attached map.
4. (a) Project Location – City: Palm Springs	(b) Project Location – County: Riverside County
5. Description of nature, purpose, and beneficiaries of Project:	Pursuant to Chapter 7 (commencing with Section 10729) of Division 6, Part 2.74 of the California Water Code, the State shall provide in-kind and subcontracted technical services for investigating and gathering data on groundwater conditions in groundwater basins of California to assist Groundwater Sustainability Agencies in developing Groundwater Sustainability Plans, collectively referred to as "Technical Support Services" or "TSS". Pursuant to an agreement between the State of California Department of Water Resources (DWR) and Desert Water Agency (DWA), DWA will construct, operate, and maintain a monitoring well, which will be operated to monitor groundwater conditions within the underlying groundwater basin. The beneficiaries of the project are the customers of Desert Water Agency.
6. Name of Public Agency approving project:	Desert Water Agency
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Desert Water Agency
8. Exempt status: (check one)	
(a) <input type="checkbox"/> Ministerial project.	(Pub. Resources Code § 21080(b)(1); State CEQA Guidelines § 15268)
(b) <input type="checkbox"/> Not a project.	
(c) <input type="checkbox"/> Emergency Project.	(Pub. Resources Code § 21080(b)(2),(4); State CEQA Guidelines § 15269(b),(c))
(d) <input checked="" type="checkbox"/> Categorical Exemption. State type and section number:	Class 3: New Construction of Small Structures (§ 15301) and Class 6: Information Collection (§ 15302)

(e) <input type="checkbox"/> Declared Emergency.	(Pub. Resources Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f) <input type="checkbox"/> Statutory Exemption. State Code section number:	
(g) <input checked="" type="checkbox"/> Other. Explanation:	State CEQA Guidelines § 15061(b)(3)
9. Reason why project was exempt:	The project consists of constructing, operating, and maintaining a monitoring well on existing DWA-owned parcels. The primary purpose of the project is to collect information about the underlying groundwater conditions. The project will not result in a significant effect on the environment, including those effects listed in State CEQA Guidelines § 15300.2
10. Lead Agency Contact Person: Telephone:	Sarah Rapolla, Desert Water Agency (760) 323-4971 ext. 127
11. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing. N/A	
12. Has a Notice of Exemption been filed by the public agency approving the project? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
13. Was a public hearing held by the Lead Agency to consider the exemption? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, the date of the public hearing was: <a href="#">Click to enter date</a>	

\_\_\_\_\_  
Signature

Date: November 16, 2023

James R. Beale  
\_\_\_\_\_  
Name

Title: Krieger & Stewart, Incorporated  
Agency Consulting Engineer

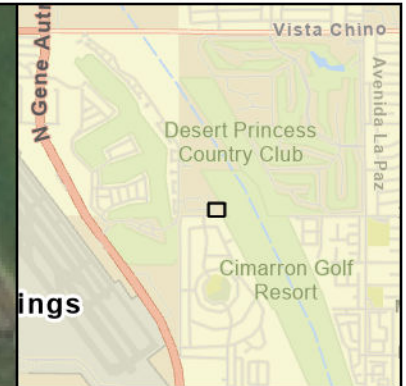
☒ Signed by Lead Agency

☐ Signed by Applicant

Date Received for Filing: [Click to enter date](#)

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.  
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.



## Legend

- Proposed TSS Well Site
- ┌─┐ DWA Parcel Boundary
- ┌─┐ Parcel Boundary

APN: 675-530-049

LAT: 33° 49' 49.83" N

LONG: 116° 29' 23.40" W

Spatial Reference:

Name: NAD 1983 StatePlane

California VI FIPS 0406 Feet

Projection: Lambert Conformal

Conic

Date Created: 08/16/2023

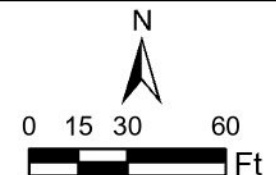
DESERT WATER



1200 S Gene Autry Trail  
Palm Springs, CA 92264  
[www.DWA.org](http://www.DWA.org)  
760-323-4971

**PROPOSED TSS WELL SITE**

**G6**



## GENERAL MANAGER'S REPORT DECEMBER 19, 2023

### 2023 Fall ACWA JPIA Presidents Recognition Award

Each year at the Fall Conference, ACWA JPIA recognizes members that have a Loss Ratio of 20% or less. The Agency received the "President's Special Recognition Award" certificate (Low ratio of 'Paid Claims and Case Reserves") for the Property Program for 7/1/2019 – 6/30/2022. Congratulations to our staff and Board!



## **Department of Water Resources Releases Final Environmental Impact Report for Delta Conveyance Project**

On December 8, the Department of Water Resources (DWR) released the Final Environmental Impact Report (EIR) for the proposed Delta Conveyance Project. Desert Water Agency is a State Water Contractor and has committed support and funding to project planning.

The Delta Conveyance Project would modernize the state's water infrastructure to:

- Capture and move more water during wet seasons to better endure dry seasons.
- Minimize future losses from climate-driven weather extremes.
- Protect against earthquakes disrupting water supplies.
- Continue meeting regulatory water quality and fishery requirements and add new operating rules for further fishery protections.
- Includes a Community Benefits Program to ensure local communities get the means and resources to achieve tangible and lasting benefits.

This project is key to California's Water Resilience Portfolio and Governor Newsom's Water Supply Strategy.

This action is the last step DWR is required to take under the California Environmental Quality Act (CEQA) prior to deciding whether to certify the EIR and approve the proposed project.

The Final EIR was prepared by DWR as the lead agency to comply with the requirements of CEQA. At the conclusion of the CEQA process, DWR will determine if the Final EIR has been completed in compliance with CEQA and whether to certify that the Final EIR reflects DWR's independent judgment and analysis.

Once DWR certifies the Final EIR, DWR will use it to help determine whether to approve the proposed project, an alternative or no project.

Proposed responses to comments, as well as the Final EIR and accompanying informational resources, can be accessed at [www.deltaconveyanceproject.com](http://www.deltaconveyanceproject.com).

### **Christmas and New Year's Holiday's - DWA Offices Closed**

Reminder: DWA offices will be closed on Monday, December 25th and Tuesday, December 26th in observance of the Christmas Holiday, then again on Monday January 1st in observance of New Year's Day.



# SYSTEM LEAK DATA 2023

Nov 30, 2023 - Dec 11, 2023

Street Name	Number of Leaks	Pipe Diameter (inches)	Install Date	Material	Coatling/Linning	Planned Replacement
PATENCIO RD	2	4"	1954	Steel - SP	UL	W2024
AVENIDA CABALLEROS	2	14"	1953	Steel - SP	UL	2020/2021
NICOLA RD W	2	4"	1955	Steel - SP	UL	
VIA DEL NORTE	2	4"	1945	Steel - SP	UL	
VISTA CHINO	1	20"	1949	Steel - SP	UL	2022/2023
LOUELLA RD	1	6"	1955	Steel - SP	UL	2021/2022
ANDREAS RD	1	6"	1958	Steel - SP	UL	2021/2022
LA VERNE WY	1	10"	1956	Steel - SP	UL	
RAMON RD	1	6"	1955	Steel - SP	UL	
WARM SANDS DR, CAMINO PAROCELA, PAROCELA PL	1	4"	1946	Steel - SP	UL	
GRENFALL RD	1	6"	1952	Steel - SP	UL	
INDIAN TR	1	3	1935	Steel - SP	UL	
INDUSTRIAL PL	1	4"	1948	Steel - SP	UL	
CALLE PALO FIERRO	1	6"	1949	Steel - SP	UL	
MOUNTAIN VIEW PL	1	6"	1953	Steel - SP	UL	

Total Leaks In System
19

Planned Replacement

- 2020/2021
- 2021/2022
- 2022/2023
- Winter 2024

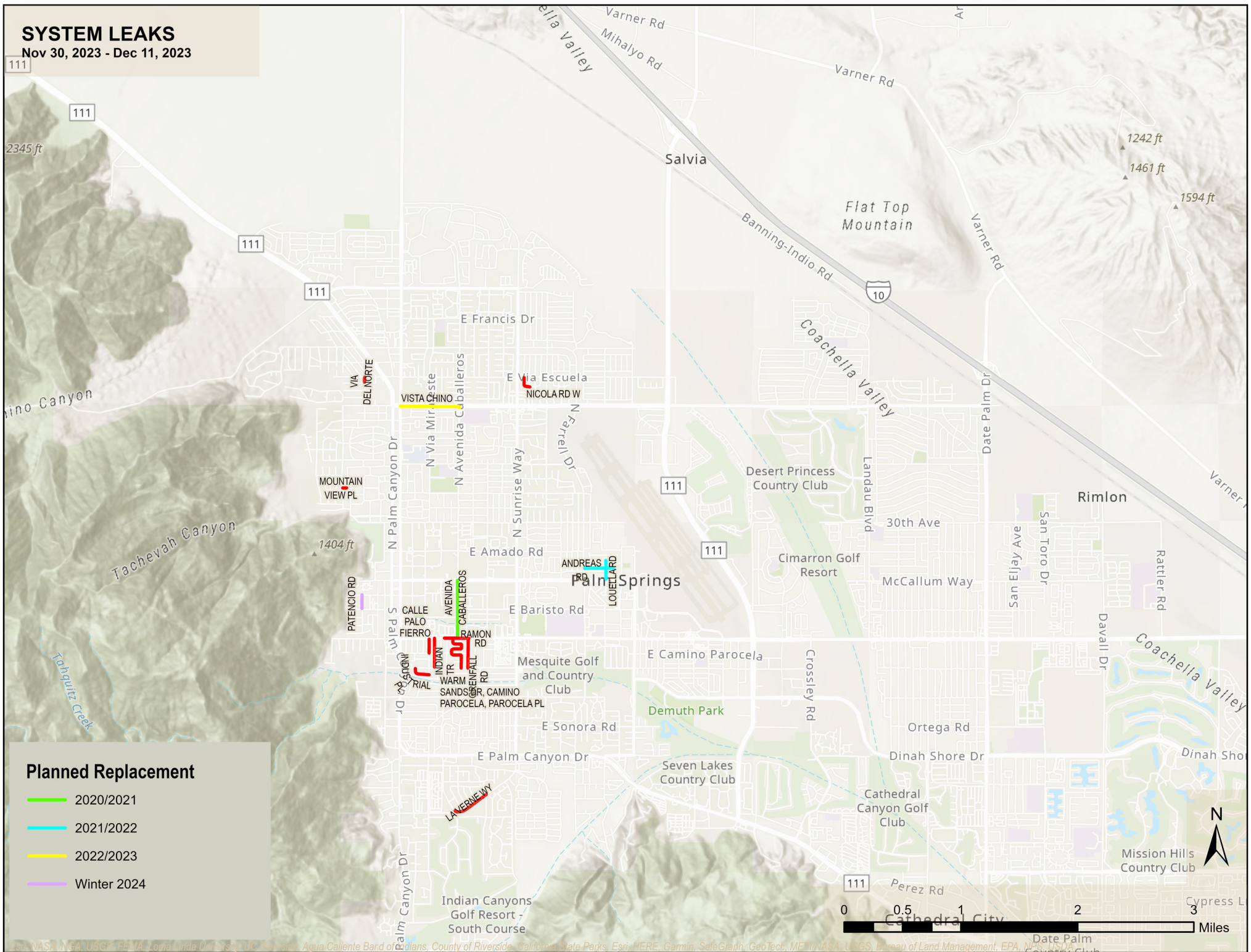
SYSTEM INFORAMTION

Oldest Pipe in the System (Year of Installation): 1935, 88 years old  
Average Year of Installation of Unlined Steel Pipe (Systemwide): 1954, 69 years old  
**Total Length of Unlined Pipe Systemwide (Linear Feet): 262,196 ft**  
\*Average Length of Pipe Replaced Annually (Linear Feet): 15,000 ft  
**\*Projected Time Frame for 100% Replacement of Unlined Steel Pipe: 16 years**  
Year Agency Transitioned to Cement Lined Steel Pipe: 1960

\*Please note this figure represents the average linear footage of pipeline replaced annually given an average annual budget of \$3 million

# SYSTEM LEAKS

Nov 30, 2023 - Dec 11, 2023



## **Human Resource's Meetings and Activities**

### Meetings:

11/21/2023	DWA Board Meeting	DWA Offices
11/27/2023	DWA Staff Meeting	DWA Offices
11/28/2023	HR Committee Meeting	DWA Offices
12/04/2023	Finance Committee Meeting	DWA Offices
12/04/2023	DWA Staff Meeting	DWA Offices
12/05/2023	DWA Board Meeting	DWA Offices
12/18/2023	DWA Staff Meeting	DWA Offices

### Activities:

11/28/2023	Lincoln Financial On-Site Meetings	DWA Offices
11/30/2023	Webinar: Developing Effective Incentives	Virtual Meeting
12/05/2023	Webinar: BB&K Annual Labor and Employment Law Update	Virtual Meeting
12/05/2023	Webinar: Neil deGrasse Tyson Takes a Scientific Approach to Cognitive Overload	Virtual Meeting
12/06/2023	Conducted Fleet Mechanic Interviews	DWA Offices
12/06/2023	Conducted DOT Random Testing	DWA Offices
12/06/2023	Attended RingCentral Training	DWA Offices
12/07/2023	Attended Tyler Training	DWA Offices
12/12/2023	Equipment Operator Interviews	DWA Offices
12/12/2023	Engineer Interview	DWA Offices
12/13/2023	Equipment Operator Interviews	DWA Offices
12/13/2023	Engineer Interview	DWA Offices
12/13/2023	Paycom Meeting	DWA Offices

## **General Manager's Meetings and Activities**

### Meetings:

12/05/23	IT Dept. Update Meeting	DWA
12/06/23	Tyler Munis Training (Johnson)	DWA
12/06/23	CVWD/DWA Coordination Meeting (Kause)	Conf Call
12/06/23	Ring Central Training (Krause)	DWA
12/07/23	Tribal Mediation In-Person Meeting	Rancho Mirage
12/08/23	Tribal Mediation DWA Coordination Meeting	Conf Call
12/11/23	Tribal Mediation Principals Meeting	Rancho Mirage
12/12/23	Executive Committee Meeting (Johnson)	DWA
12/12/23	Staffing Interview (Johnson)	DWA
12/12/23	Snow Creek Security Update	DWA
12/12/23	Mission Creek Subbasin Quarterly GM Meeting	Conf Call
12/13/23	CV-SNMP Meeting	Conf Call
12/13/23	Staffing Interviews (Johnson)	DWA
12/14/23	GIS Department Update (Johnson)	Conf Call
12/14/23	CV Cons. Comm. Workshop Presentation (Krause)	Palm Desert
12/14/23	FEMA Projects Update (Johnson)	Conf Call
12/15/23	Sites Joint Committee/Authority Meeting (Krause)	Conf Call
12/18/23	Conservation & PA Committee Meeting	DWA
12/18/23	DWA Department Heads Meeting	DWA
12/18/23	Tribal Mediation Small Group Meeting	Conf Call
12/18/23	DWA/CVWD/MWD Coordination Meeting	Conf Call
12/19/23	DWA Bi-Monthly Board Meeting	DWA

### Activities:

- 1) DWA Surface Water Rights
- 2) Water Supply Planning – DWA Area of Benefit
- 3) Sites Reservoir Finance
- 4) DCP Financing
- 5) Lake Perris Seepage Recovery Project Financing
- 6) Recycled Water Supply - Strategic Planning
- 7) AQMD Rule 1196
- 8) DWA Organizational Restructuring
- 9) DWA Tax Rate Analysis
- 10) DWA Remote Meter Reading Fixed Network
- 11) Whitewater River Surface Water Recharge
- 12) Replacement Pipelines Projects
- 13) DC Project – Finance JPA Committee (Standing)
- 14) DWA/CVWD/MWD Operations Coordination (Standing)
- 15) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 16) ACBCI Water Rights Lawsuit
- 17) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 18) Whitewater Spreading Basins – BLM Permits
- 19) Delta Conveyance Project Cost Allocation
- 20) MCSB Delivery Updates
- 21) SWP East Branch Enlargement Cost Allocation
- 22) RWQCB Update to the SNMP