



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: 833 2141 6242  
Passcode: 683622  
or Via Computer:

<https://dwa-org.zoom.us/j/83321416242?pwd=XOSGNVaEYsVb1GD5KOpf0KnPxBCvkm.1>  
Meeting ID: 833 2141 6242

*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: 833 2141 6242  
código de acceso: 683622  
o a través de la computadora:

<https://dwa-org.zoom.us/j/83321416242?pwd=XOSGNVaEYsVb1GD5KOpf0KnPxBCvkm.1>  
ID de reunión: 833 2141 6242

*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 estés hablando.***

1. CALL TO ORDER ORTEGA
2. PLEDGE OF ALLEGIANCE ORTEGA
3. ROLL CALL BACA
4. **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.
5. **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.

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

- A. Approve Minutes of the October 15, 2024 Regular Board Meeting
- B. Receive and File Memo on the October 17, 2024 State Water Contractors' Meeting
- C. Receive and File Minutes of the October 31, 2024 Executive Committee Meeting
- D. Receive and File the Water Use Reduction Figures for September 2024
- E. Request Adoption of Resolution No. 1339 Amending the Conflict of Interest Code
- F. Reporting of Back-up Facility and Capacity Charges
- G. Request Authorization for Finance Director to Execute Payment Processing Services Agreement with Paymentech, LLC and J.P. Morgan Chase for Utilization with Tyler Payments

**7. ACTION ITEM(S):**

- A. Request Board Action on Customer Appeal – John Payne TATE

**8. DISCUSSION ITEM(S):**

- A. State Legislative Annual Report REEB/LLORT

**9. SECRETARY-TREASURER'S REPORT – SEPTEMBER 2024**

MCKENNA

**10. GENERAL MANAGER'S REPORT**

JOHNSON

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

**12. DIRECTORS COMMENTS/REQUESTS**

**13. CLOSED SESSION**

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

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

**15. 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, Asst. Secretary of the Board

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

**6-A**

**October 15, 2024**

Board: Paul Ortega, President  
Jeff Bowman, Vice President  
Kristin Bloomer, Director  
Gerald McKenna, Secretary-Treasurer  
Steve Grasha, Director

DWA Staff: Steve Johnson, General Manager  
David Tate, Assistant General Manager  
Esther Saenz, Finance Director  
Kris Hopping, Human Resources Director  
Victoria Llort, Public Affairs & Conservation Director  
Sylvia Baca, Asst. Secretary of the Board  
Jamie Hoffman, Senior Admin. Assistant

Consultants via  
Teleconference: Mike Riddell, Best Best & Krieger

President Ortega opened the meeting at 8:00 a.m. and asked Director Bloomer 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 6-A through 6-C 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 October 1, 2024 Regular Board Meeting
- B. Receive and File Minutes of the October 10, 2024 Executive Committee Meeting
- C. Receive and File September 2024 Public Affairs & Conservation Activities & Events

**Approval of the Consent Calendar**

- A. Approve Minutes of the 10/1/24 Regular Board Meeting
- B. Receive & File Minutes of the 10/10/24 Exec. Comm. Mtg.
- C. Receive & File September 2024 Public Affairs & Conservation Activities & Events

Director Grasha moved for approval of Consent Calendar Items 6-A through 6-C. 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

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 October 2 ACWA Webinar, October 3 DVBA Legislative Committee meeting, October 3 Desert Hot Springs State of the City, October 4 Riverside County Water Task Force meeting, October 8 CVWD Board meeting, and an October 10 ACWA Webinar.

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

Director Bloomer noted her attendance at the October 3 Desert Hot Springs State of the City.

Secretary-Treasurer McKenna noted his attendance at the October 3 Desert Hot Springs State of the City, and the October 10 & 11 ACWA Regions 6 & 7 San Joaquin Valley Water Forum.

Vice President Bowman noted his attendance at the October 10 Executive Committee meeting, and the October 14 Cyber Training.

President Ortega noted his attendance at the October 3 Desert Hot Springs State of the City, and the October 10 & 11 ACWA Regions 6 & 7 San Joaquin Valley Water Forum.

Secretary-Treasurer McKenna touched on climate change and sustainability. He commented about the Agency's General plan and adoption process.

**Directors Comments/Requests**



At 8:40 a.m., President Ortega convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Conference with Legal Counsel, Existing Litigation, Pursuant to Government Code Section 54956.9 (d) (1), PacBell vs. County of Riverside; and (B) Conference with Legal Counsel, 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 - PacBell vs. County of Riverside
- B. Existing Litigation – ACBCI vs. CVWD, et al. 2 Cases

At 9:08 a.m., President Ortega reconvened the meeting into open session and announced there was no reportable action.

**Reconvene**

In the absence of any further business, President Ortega adjourned the meeting at 9:09 a.m.

**Adjournment**


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Sylvia Baca, MMC  
Assistant Secretary of the Board

DRAFT



STATE WATER CONTRACTORS MEETING

October 17, 2024

I. GETTING TO KNOW ANTELOPE VALLEY –EAST KERN WATER AGENCY

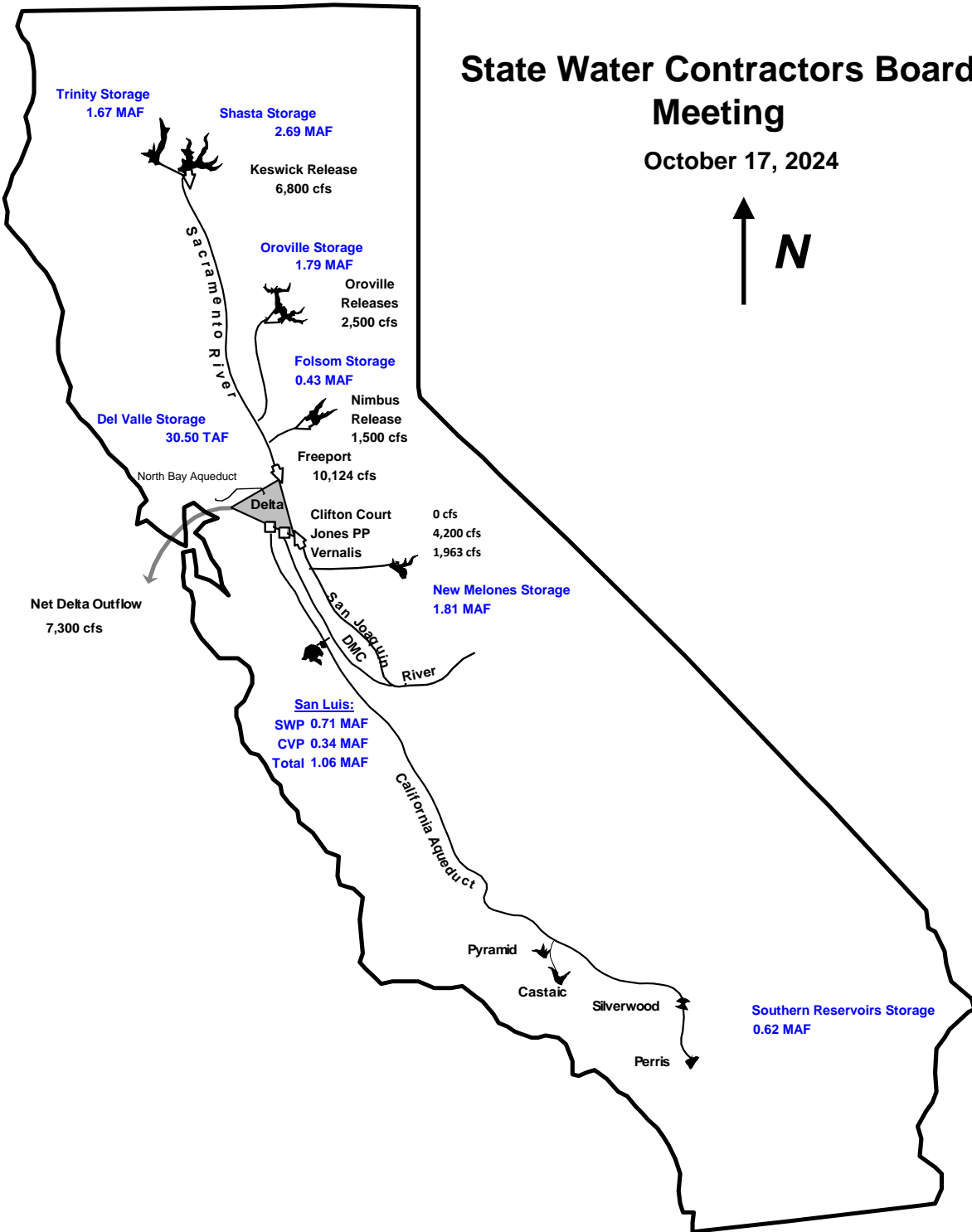
- (a) Third Largest State Water Contractor
  - Table A amount about 145,000 AFY
  - Located on the East Branch of the California Aqueduct
  - Includes portions of 3 counties (Ventura, LA and Kern)
- (b) Antelope Valley Groundwater Basin is Adjudicated
- (c) Water Banking Operations and Opportunities
  - New proposed water bank – Willow Springs Water Bank
  - Up to 250,000 AFY recharge capacity
  - 1 MAF of storage capacity
  - Water quality is good
  - Grant money available to help fund improvements

II. WATER OPERATIONS REPORT

- (a) Oroville Storage at 1.8 MAF
  - 96% of historical average
  - 52% of total capacity
  - Releases at 2,500 cfs (hope to reduce to 1,750 cfs by December)
- (b) San Luis Storage Currently 0.715 MAF (SWP Share)
  - Net Delta outflow at 7,300 cfs
- (c) Precipitation Outlook
  - Two week outlook above normal in SWP watershed
  - One inch of precipitation expected next week

# State Water Contractors Board Meeting

October 17, 2024

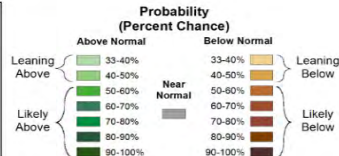
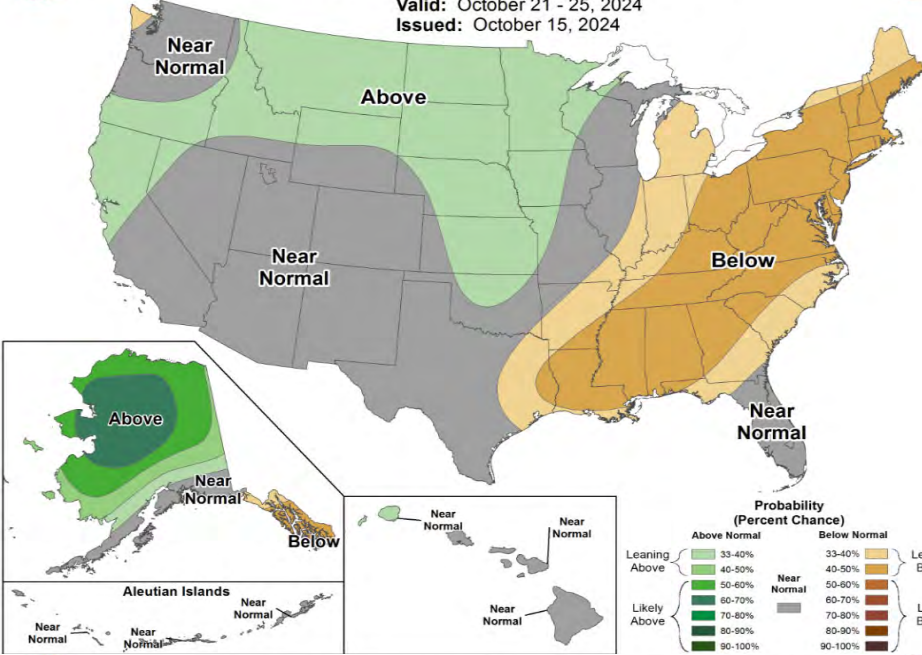


# SHORT-TERM OUTLOOK



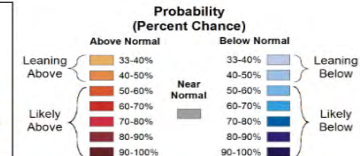
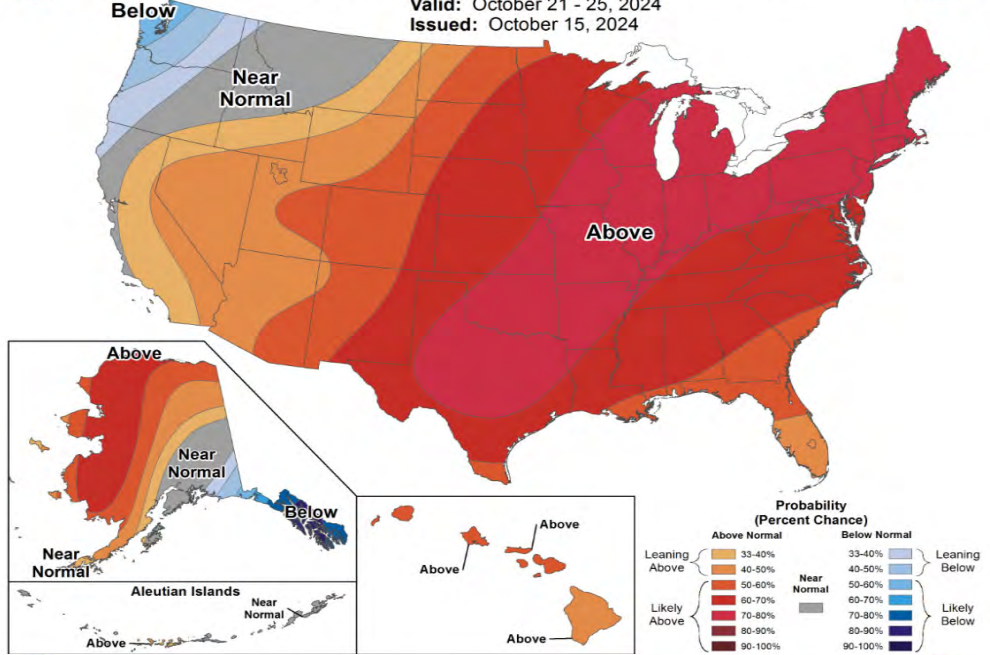
## 6-10 Day Precipitation Outlook

Valid: October 21 - 25, 2024  
Issued: October 15, 2024



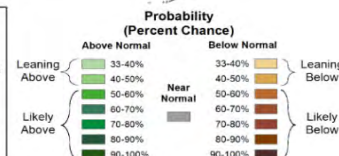
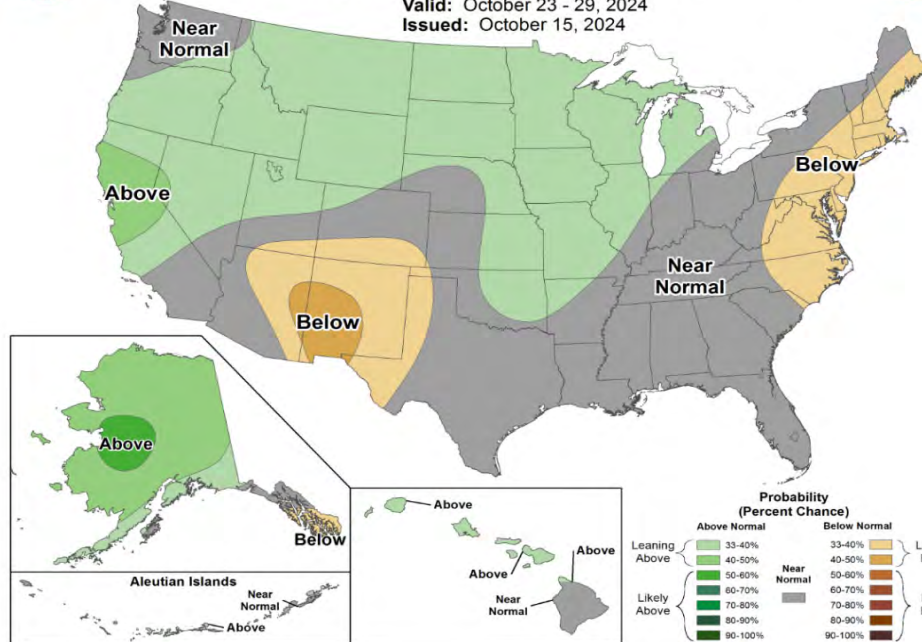
## 6-10 Day Temperature Outlook

Valid: October 21 - 25, 2024  
Issued: October 15, 2024



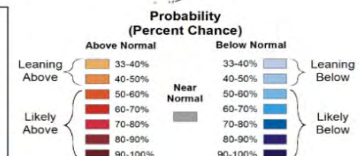
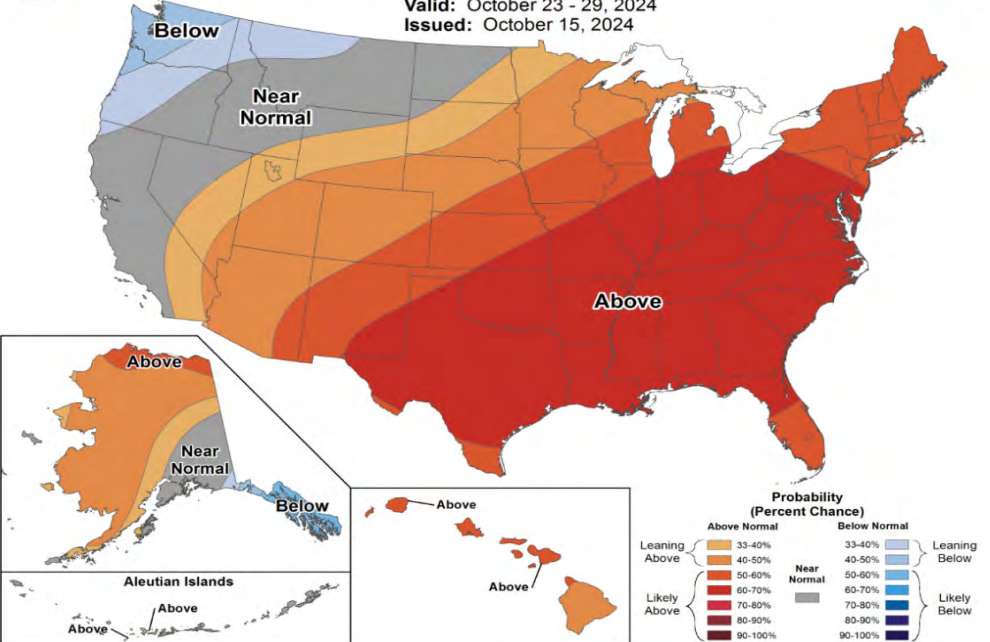
## 8-14 Day Precipitation Outlook

Valid: October 23 - 29, 2024  
Issued: October 15, 2024



## 8-14 Day Temperature Outlook

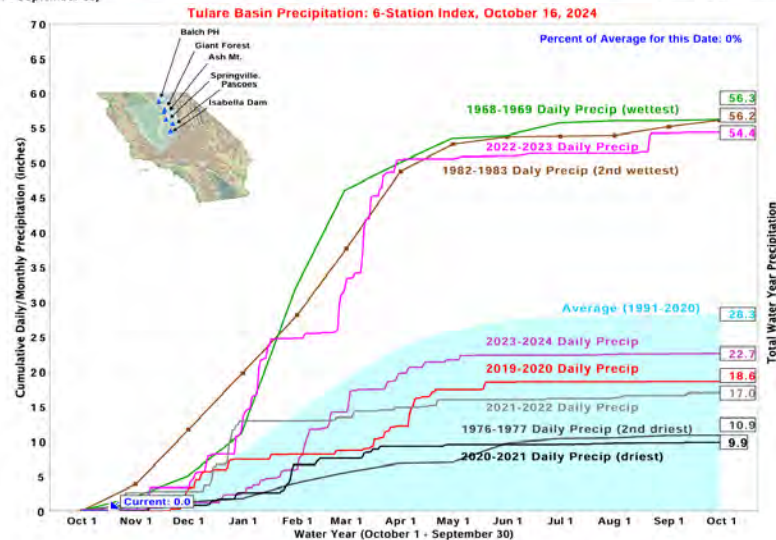
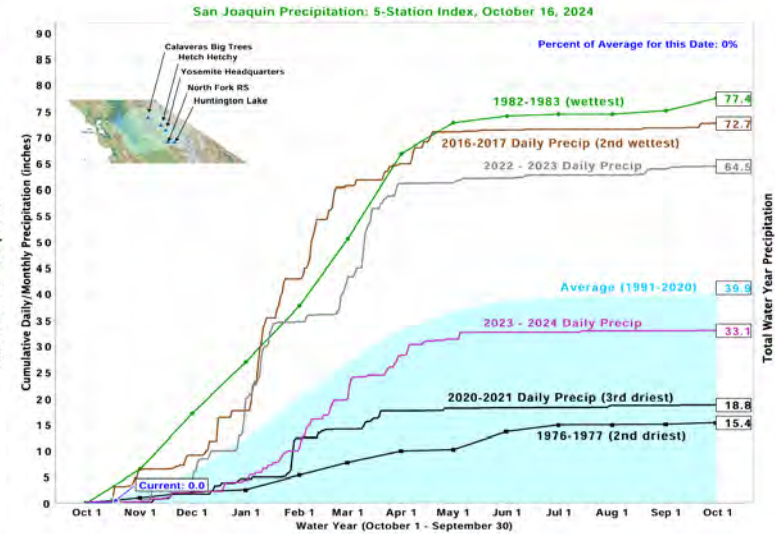
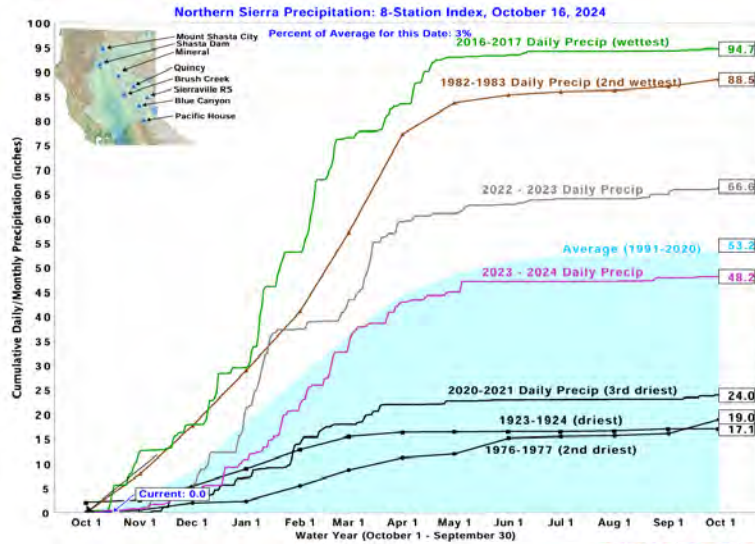
Valid: October 23 - 29, 2024  
Issued: October 15, 2024



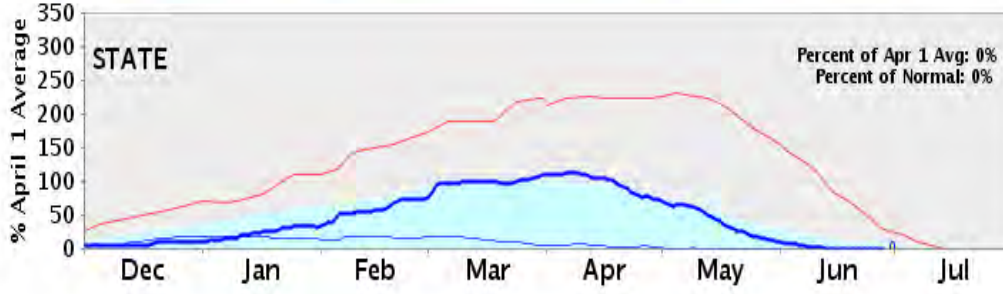
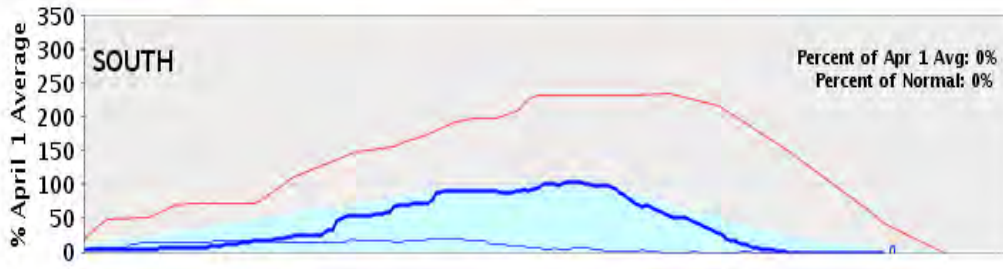
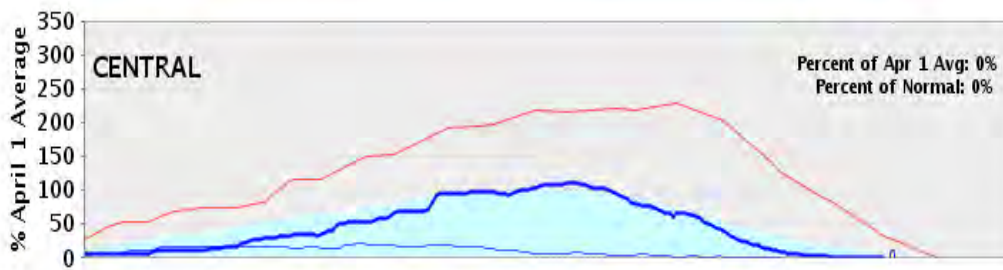
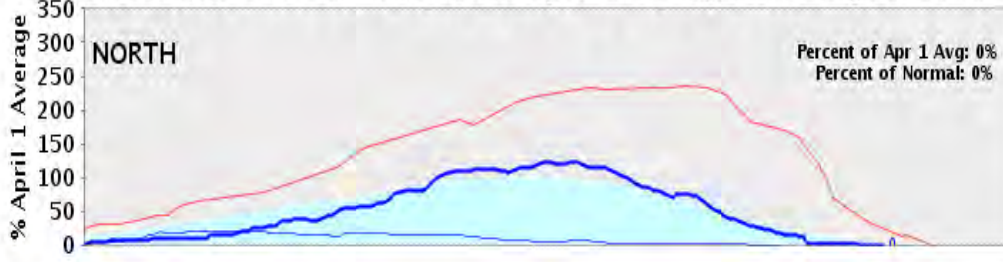


### Statewide Precipitation Conditions as of 10/16/2024

	Northern Sierra 8-Station Index inches (%)	San Joaquin 5-Station Index inches (%)	Tulare Lake 6-Station Index inches (%)
October	0" (0%)	0" (0%)	0" (0%)
November			
December			
January			
February			
March			
April			
May			
June			
July			
August			
September			
Season-to-Date	0" (0%)	0" (0%)	0" (0%)
WY Average	53.2" (0%)	40" (0%)	29.3" (0%)



# CA Snow Water Content - Percent of April 1 Average For: 28-Jun-2024



Average — 1982-1983 (max) — 2014-2015 (min) — 2023-2024 (current)

## CURRENT REGIONAL SNOWPACK FROM AUTOMATED SNOW SENSORS

% of April 1 Average / % of Normal for This Date



NORTH	
Data as of September 10, 2024	
Number of Stations Reporting	23
Average snow water equivalent (inches)	0.0
Percent of April 1 Average (%)	0
Percent of normal for this date (%)	0

CENTRAL	
Data as of September 10, 2024	
Number of Stations Reporting	35
Average snow water equivalent (inches)	0.0
Percent of April 1 Average (%)	0
Percent of normal for this date (%)	0

SOUTH	
Data as of September 10, 2024	
Number of Stations Reporting	27
Average snow water equivalent (inches)	0.0
Percent of April 1 Average (%)	0
Percent of normal for this date (%)	0

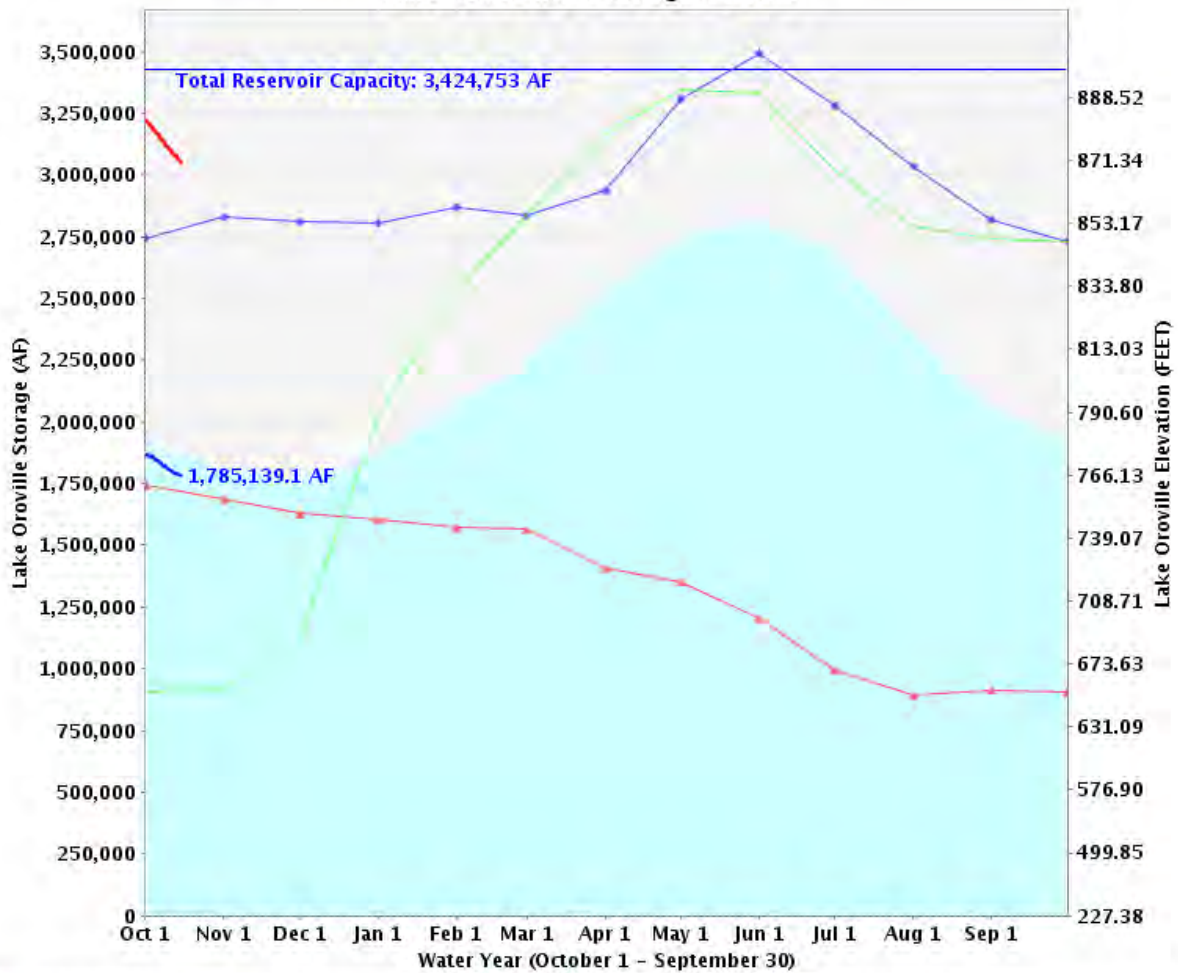
STATE	
Data as of September 10, 2024	
Number of Stations Reporting	85
Average snow water equivalent (inches)	0.0
Percent of April 1 Average (%)	0
Percent of normal for this date (%)	0

Statewide Average: 0% / 0%

Data as of September 10, 2024

1

### Lake Oroville Storage Levels

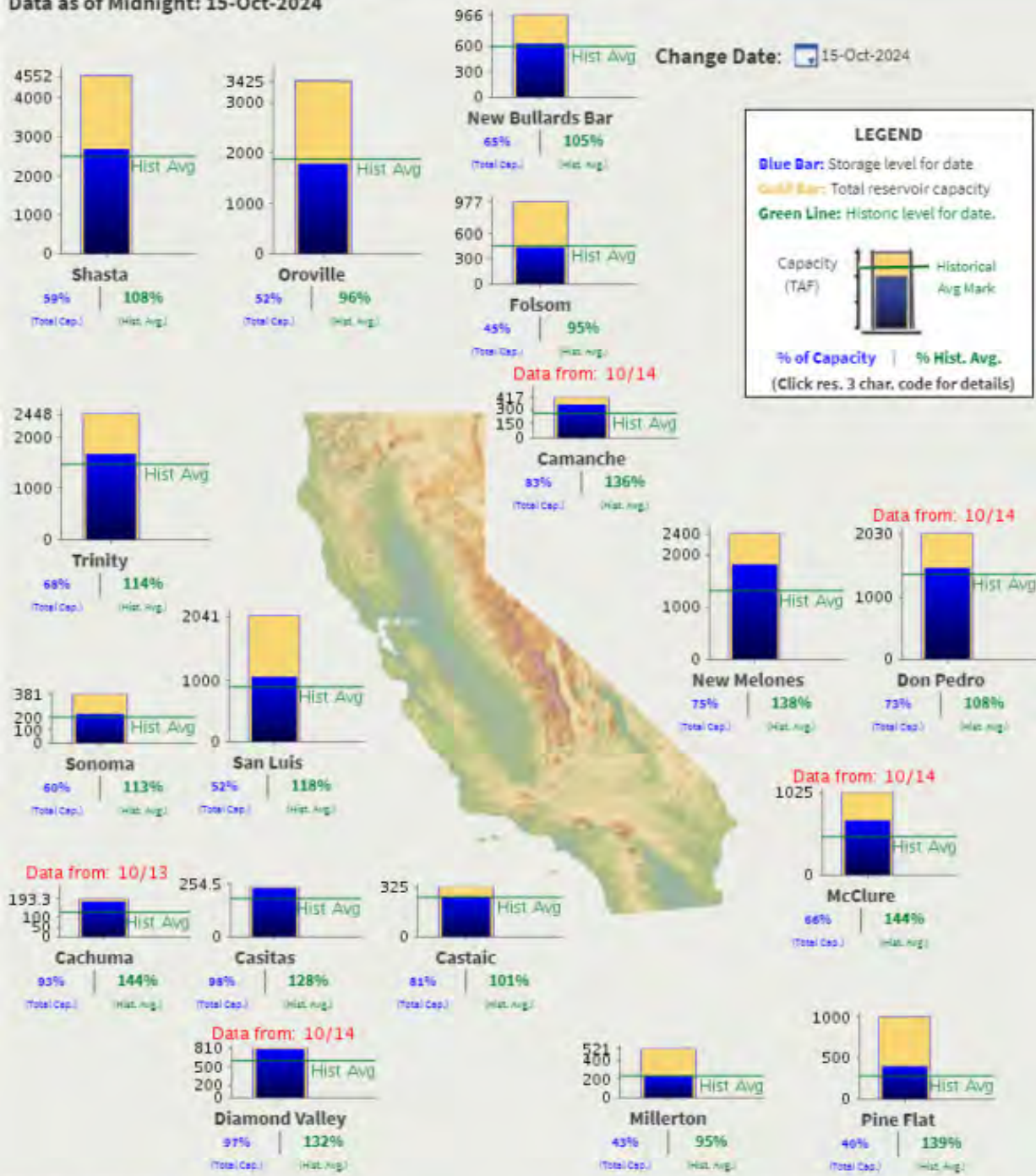


Historical Average — Total Reservoir Capacity — TOC — 1976-1977 (dry) — 1982-1983 (wet)  
— 2024-2025(current) — 1977-1978



**CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS:15-OCT-2024**

Data as of Midnight: 15-Oct-2024



	Storage (TAF)	% Average
Oroville	1,785	96%
Shasta	2,686	108%
Folsom	435	95%
San Luis	1,055	118%

[Click for printable version of current data.](#)

Report Generated: 16-Oct-2024 9:19 AM



**Executive Committee Meeting Minutes**  
October 31, 2024

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Directors Present: Paul Ortega, Jeff Bowman

Staff Present: Steve Johnson, David Tate, Victoria Llort, Sylvia Baca, Jamie Hoffman

1. Call to Order

2. Public Comments

None

3. Discussion Items

A. Review Agenda for November 5, 2024 Board Meeting

The proposed agenda for the November 5, 2024 meeting was reviewed.

B. Update to Public Events List

The Public Events list was updated to reflect the name change from Desert Garden Community Day by Desert Horticultural Society to Native Plant Celebration by Desert Horticultural Society.

C. Review Draft ACWA Bylaws Changes

The draft ACWA Bylaws changes were reviewed. These changes will be voted on at the upcoming Fall Conference.

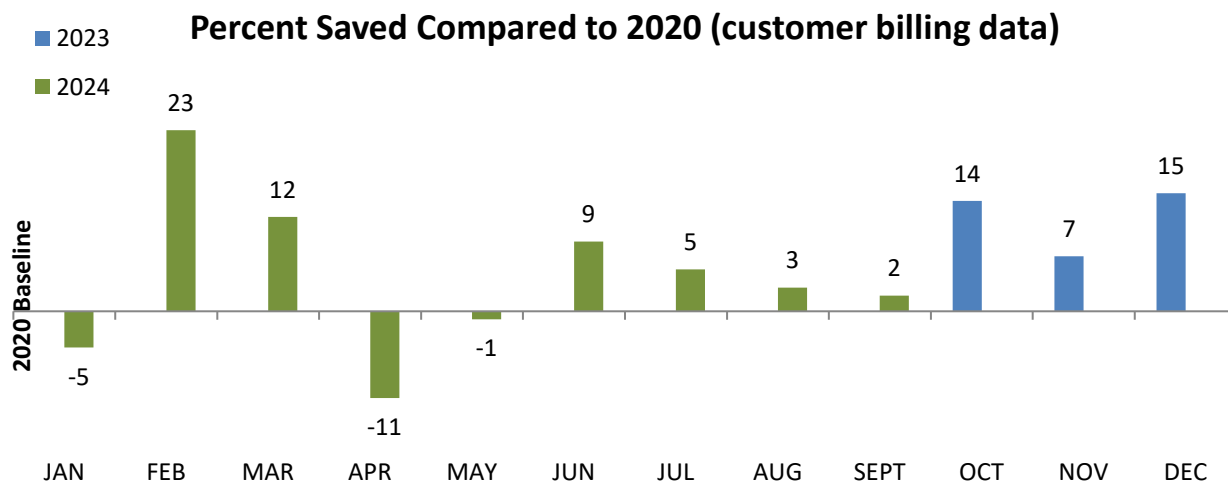
4. Adjourn

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

**NOVEMBER 5, 2024**

**RE: SEPTEMBER 2024 WATER USE REDUCTION FIGURES**

Desert Water Agency customers decreased water consumption per meter by 2% during September 2024 compared to the same month in 2020 – the baseline year the State Water Resources Control Board (State Water Board) used to measure statewide conservation achievements during the 2020-2022 drought. The reduction may be associated with the success of outreach programs, results of incentive programs, or early response to the new Making Conservation a California Way of Life regulation.



Over the past 12 months, consumption per meter has been trending 6% lower compared to 2020. DWA is committed to conservation and has met the goals of many voluntary and mandatory calls for conservation such as SB X7-7 (20% by 2020). The Making Water Conservation a California Way of Life regulation (unanimously approved on July 3, 2024) will provide DWA with a water use objective – in essence, an agency-wide water budget. This will inform DWA’s future water conservation objectives.

September 2024 conservation per meter percentage	Down 2%
September 2024 consumption per meter	60 HCF
September 2020 consumption per meter	61 HCF
September 2024 gross consumption conservation percentage	Up 1%
September 2024 metered potable consumption	3305 AF
September 2020 metered potable consumption	3269 AF
The percentage of the Total Monthly Potable Water Consumption going to residential use only for the reporting month	77%
Population (estimated and inclusive of seasonal residents)	75,328
Estimated R-GPCD	367
Number of public complaints of water waste or violation of conservation rules received during the reporting month.	51
Number of contacts with customers for actual/alleged water waste or for a violation of conservation rules.	11
Number of field visits for water waste follow up.	11
Number of citations for violation of conservation rules.	18

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

**NOVEMBER 5, 2024**

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1339 AMENDING  
THE CONFLICT-OF-INTEREST CODE OF DESERT WATER  
AGENCY**

The Political Reform Act (the “Act”) requires all public agencies to adopt and maintain a Conflict-of-Interest Code containing the rules for disclosure of personal assets and the prohibition from making or participating in making governmental decisions that may affect any personal assets. The Conflict-of-Interest Code must specifically designate all agency positions that make or participate in the making of decisions and assign specific types of personal assets or sources of income to be disclosed that may be affected by the exercise of powers and duties of that position.

The Act further requires that agencies regularly review and update their Codes as necessary when directed by the code-reviewing body or when change is necessitated by changed circumstances (Sections 87306 and 87306.5).

Pursuant to the Act the Agency adopted a Conflict-of-Interest Code which was approved by the Riverside County Board of Supervisors in 2022. Review of the Code shows that it must be amended to include new positions that must be designated, revises the titles of existing positions and delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions.

Attached is a redlined version of the proposed amended Code showing the revisions made to the Conflict-of-Interest Code.

Fiscal Impact:

N/A

Legal Review:

Legal Counsel’s staff has prepared this report.

Recommendation:

Staff recommends that the Board of Directors Adopt Resolution No. 1339 amending the Conflict-of-Interest Code of Desert Water Agency and directing that such amendment be submitted to the Riverside County Board of Supervisors as the District’s code-reviewing body (Gov. Code § 82011) requesting approval of the amendment as required under Government Code section 87303.

Attachments:

Attachment#1 – Legislative (redlined) version

Attachment#2 – Draft Resolution No. 1339

**DESERT WATER AGENCY**  
**CONFLICT OF INTEREST CODE**

(Amended ~~October 18, 2022~~ November 5, 2024)

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. § 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730, and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **Desert Water Agency** (the "**Agency**").

All officials and designated positions shall file their statements of economic interests with the **Executive Secretary** as the Agency's Filing Officer/Official. The **Executive Secretary** shall make and retain a copy of all statements filed by Members of the Board of Directors and the General Manager, and forward the originals of such statements to the Clerk of the Board of Supervisors of the County of Riverside. The **Executive Secretary** shall retain the originals of the statements filed by all other officials and designated positions and make all statements available for public inspection and reproduction during regular business hours. (Gov. Code § 81008.)

# APPENDIX

## CONFLICT OF INTEREST CODE

### OF THE

### DESERT WATER AGENCY

(Amended ~~October 18, 2022~~ November 5, 2024)

### PART "A"

### OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Agency Officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3(b), are NOT subject to the Agency's Code, but must file disclosure statements under Government Code Section 87200 et seq. [Regs. § 18730(b)(3)] These positions are listed here for informational purposes only.

It has been determined that the positions listed below are officials who manage public investments<sup>1</sup>:

Board of Directors  
Finance Director  
General Manager  
Investment Consultants

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<sup>1</sup> Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

**DESIGNATED POSITIONS**

**GOVERNED BY THE CONFLICT OF INTEREST CODE**

<b><u>DESIGNATED POSITIONS'</u> <u>TITLE OR FUNCTION</u></b>	<b><u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u></b>
Accountant	5
Accounting Supervisor	4
Assistant Construction Superintendent	3, 5
Assistant General Manager	1, 2
Chief Engineer	1, 2
<del>Communications and Water Resources Manager</del>	<del>5</del>
<del>Conservation Manager</del>	<del>5</del>
Construction Superintendent	3, 5
Consulting Engineer	1, 2
Controller	1, 2
Director of Public Affairs and <del>Water Planning Conservation</del>	5, 6
Executive Secretary/Assistant Secretary to the Board	4
<del>Facilities &amp; Safety Officer</del>	<del>2, 3, 5</del>
Field Services Supervisor	5
Fleet Mechanic Foreman	5
General Counsel	1, 2
Human Resources Director	5
Information Technology <del>Administrator</del> <u>Manager</u>	5

**DESIGNATED POSITIONS'**  
**TITLE OR FUNCTION**

**DISCLOSURE CATEGORIES**  
**ASSIGNED**

Laboratory Director	5
<del>Operations and</del> Engineering Manager	5
<u>Operations Manager</u>	<u>5</u>
<u>Operations Supervisor</u>	<u>5</u>
Operations Technician Foreman	5
<del>Outreach &amp; Conservation Manager</del> <u>Public Affairs Manager</u>	<del>5</del> , 6
<u>Safety and Training Specialist</u>	<u>5</u>
Senior Account Clerk (Purchasing)	4
<u>Senior Water Resources Specialist</u>	<u>5</u>
<del>Water Operations Supervisor</del>	<del>5</del>
<u>Water Resources Manager</u>	<u>5, 6</u>

Consultants and New Positions<sup>2</sup>

<sup>2</sup> Individuals serving as a consultant as defined in FPPC Reg. 18700.3(a) or a new position created since the Code was last adopted which make or participate in the making of decisions, must file under the broadest disclosure category in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to designate a limited disclosure requirements. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734.) The General



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Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code Sec. 81008.)

## **PART “B”**

### **DISCLOSURE CATEGORIES**

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which the designated is assigned.<sup>3</sup> “Investment” means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the Agency.

**Category 1:** All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, do business in, or own real property within the jurisdiction of the Agency.

**Category 2:** All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the Agency, including any leasehold, beneficial or ownership interest or option to acquire property.

**Category 3:** All investments and business positions in business entities, and development, construction or the acquisition or sale of real property within the jurisdiction of the Agency.

**Category 4:** All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the Agency.

**Category 5:** All investments and business positions in business entities, and sources of income, including gifts, loan and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position’s department, unit or division.

**Category 6:** All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, or income from a nonprofit or other organization, if the source is of the type to receive grants or other monies from or through the Agency or its subdivisions.

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<sup>3</sup> This Conflict of Interest Code does not require the reporting of gifts from outside this agency’s jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

**RESOLUTION NO. 1339**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
DESERT WATER AGENCY ADOPTING AN AMENDED  
CONFLICT OF INTEREST CODE PURSUANT TO THE  
POLITICAL REFORM ACT OF 1974**

**WHEREAS**, the State of California enacted the Political Reform Act of 1974, Government Code Section 81000 et seq. (the “Act”), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Desert Water Agency (the “Agency”) and requires all public agencies to adopt and promulgate a Conflict of Interest Code; and

**WHEREAS**, the Board of Directors adopted a Conflict of Interest Code (the “Code”) which was amended on October 18, 2022, in compliance with the Act; and

**WHEREAS**, subsequent changed circumstances within the Agency have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the Agency’s Code; and

**WHEREAS**, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the Agency being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

**WHEREAS**, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of, the proposed amended Code was provided each affected designated employee and publicly posted for review at the offices of the Agency; and

**WHEREAS**, a public meeting was held upon the proposed amended Code at a regular meeting of the Board of Directors on November 5, 2024, at which all present were given an opportunity to be heard on the proposed amended Code.

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

**Section 1.** The Board of Directors does hereby adopt the proposed amended Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the Executive Secretary and available to the public for inspection and copying during regular business hours;

**Section 2.** The said amended Code shall be submitted to the Board of Supervisors of the County of Riverside for approval and said Code shall become effective at the time which the Board of Supervisors approves the proposed amended Code as submitted.

**APPROVED AND ADOPTED** this 5<sup>th</sup> day of November, 2024.

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Paul Ortega, Board President

**ATTEST:**

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Gerald McKenna, Secretary-Treasurer

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

**NOVEMBER 5, 2024**

**RE: REPORTING OF BACK-UP FACILITY AND CAPACITY CHARGES**

Attached for the Board's review are summaries of the Agency's Water and Reclaimed Water Back-up Facility Charges and Sewer Capacity Charge. The Agency collects these charges when a new service connection is made to the water distribution, recycled or sewer systems. The back-up facility amounts collected are used to offset Agency funded capital expenditures to increase system capacity for production, storage and transmission of potable water and reclaimed water. Sewer capacity charge amounts collected are used to offset Agency funded capital expenditures to increase conveyance capacity in the sewer system.

The Agency has been advised by legal counsel that it is not necessary to produce this report on an annual basis, as the Capital Expenditures exceed the fees collected (when this condition exists, there are no funds to segregate or interest to account for separately as Government Code requires in a situation where fees collected are greater than expenditures for Capital Improvements). However, it is prudent to continue submitting a report to the Board in order to show the amounts expended during the year on projects for which the fees were collected. Since this reporting requirement began with the 1988-89 fiscal year, Desert Water Agency has expended more funds on potable water, reclaimed water, and sewer facilities than amounts collected.

Staff's intent is to not only report this information to the Board, but to make it available to the public upon request.

A copy of the analysis was sent to the Desert Valleys Builders Association (DVBA). The DVBA has reviewed and approved the report.

Fiscal Impact:

Finance Director Saenz has reviewed this report.

Legal Review:

N/A

Recommendation:

Receive and file.

Attachments:

Attachment #1 – Water Back-up Facility Charge Analysis

Attachment #2 – Recycled Water Back-up Facility Charge Analysis

Attachment #3 – Sewer Capacity Charge Analysis

Attachment #4 – DVBA Review Confirmation Letter

DESERT WATER AGENCY  
**Back-up Facility Charge Summary**  
 Revenues & Expenditures

**Water Service**

A Backup Facility Charge is levied on a premises for the purpose of providing water service connection capacity in the Agency's overall water supply. *(DWA Ordinance 70 Section 1-1.4)*

The purpose of the Backup Facility Charge is to raise a portion of the funds required by the Agency to develop new water production and storage facilities. *(DWA Ordinance 70 Section 7-1.3)*

**Revenue** Back-up Facility Revenue received in a fiscal year in accordance with DWA Ordinance 70 Section 1-1.4 inclusive of any interest on cumulative excess revenues in accordance with DWA Resolution 1230 Section 5.

**Expenditures** Capital expenditures funded by Desert Water, put into service in a given fiscal year. These capital expenditures are recorded in proportion to the increased capacity they provide to DWA's water system.

Year	Revenue	Expenditures	Cumulative Balance*
1988-1989	\$ 308,255.92	\$ -	\$ 308,255.92
1989-1990	\$ 259,874.94	\$ 401,979.26	\$ 166,151.60
1990-1991	\$ 157,005.00	\$ 397,885.22	\$ (74,728.62)
1991-1992	\$ 167,250.00	\$ 2,040,172.06	\$ (1,947,650.68)
1992-1993	\$ 44,285.00	\$ 406,160.00	\$ (2,309,525.68)
1993-1994	\$ 52,300.00	\$ 1,000,209.54	\$ (3,257,435.22)
1994-1995	\$ 76,590.00	\$ 2,139,954.41	\$ (5,320,799.63)
1995-1996	\$ 104,680.00	\$ 2,107,535.08	\$ (7,323,654.71)
1996-1997	\$ 81,660.00	\$ 614,238.17	\$ (7,856,232.88)
1997-1998	\$ 98,410.00	\$ -	\$ (7,757,822.88)
1998-1999	\$ 158,840.00	\$ 2,513,445.91	\$ (10,112,428.79)
1999-2000	\$ 263,778.00	\$ 961,408.67	\$ (10,810,059.46)
2000-2001	\$ 267,580.00	\$ 455,155.73	\$ (10,997,635.19)
2001-2002	\$ 172,850.00	\$ 802,284.36	\$ (11,627,069.54)
2002-2003	\$ 334,440.00	\$ 4,291,367.90	\$ (15,583,997.44)
2003-2004	\$ 1,277,190.00	\$ 841,011.61	\$ (15,147,819.05)
2004-2005	\$ 3,393,467.00	\$ 1,370,488.06	\$ (13,124,840.11)
2005-2006	\$ 1,287,940.00	\$ -	\$ (11,836,900.11)
2006-2007	\$ 2,218,549.00	\$ 3,408,196.30	\$ (13,026,547.41)
2007-2008	\$ 603,536.00	\$ 735,649.81	\$ (13,158,661.22)
2008-2009	\$ 181,840.00	\$ 2,409,194.71	\$ (15,386,015.92)
2009-2010	\$ 90,820.00	\$ -	\$ (15,295,195.92)
2010-2011	\$ 138,080.00	\$ 57,858.00	\$ (15,214,973.92)
2011-2012	\$ 396,420.00	\$ 884,623.00	\$ (15,703,176.92)
2012-2013	\$ 481,060.00	\$ 222,131.66	\$ (15,444,248.58)

2013-2014	\$	657,460.00	\$	81,411.00	\$	(14,868,199.58)
2014-2015	\$	680,110.00	\$	2,713,074.69	\$	(16,901,164.28)
2015-2016	\$	574,675.00	\$	1,688,799.26	\$	(18,015,288.54)
2016-2017	\$	939,845.00	\$	285,968.36	\$	(17,361,411.90)
2017-2018	\$	841,190.00	\$	1,137,230.45	\$	(17,657,452.35)
2018-2019	\$	954,159.00	\$	1,237,336.28	\$	(17,940,629.63)
2019-2020	\$	1,186,060.00	\$	3,778,694.83	\$	(20,533,264.45)
2020-2021	\$	1,686,018.00	\$	1,419,117.29	\$	(20,266,363.74)
2021-2022	\$	1,073,028.00	\$	97,017.75	\$	(19,290,353.49)
2022-2023	\$	789,370.00	\$	1,321,748.36	\$	(19,822,731.85)
2023-2024	\$	754,346.00	\$	183,468.50	\$	(19,251,854.35)
<b>Total</b>	<b>\$</b>	<b>22,752,961.86</b>	<b>\$</b>	<b>42,004,816.21</b>	<b>\$</b>	<b>(19,251,854.35)</b>
<i>Sum Check</i>	\$	-	\$	-	\$	-

\*A negative cumulative balance represents Agency capital expenditures in excess of Backup Facility Charges levied/collected.

DESERT WATER AGENCY  
**Back-up Facility Charge**  
 Expenditures Detail

**Water Service**

2021-2022, 2022-2023 & 2023-2024

Fiscal Year	Project #	Asset Account	Description	Expenditure
2021-2022	20-301-0-08	20-180-180351	8" Main Replacements North Riverside Drive	\$ 14,485.13
2021-2022	21-301-0-08	20-180-180351	8" Emergency Upsize Replacement Mesquite/Randon Rd	\$ 42,387.05
2021-2022	21-301-0-12	20-180-180351	12" Emergency Upsize Replacement Mesquite & Random Rd	\$ 39,877.35
2022-2023	20-161-0-06	20-180-180351	20/21 Pipeline Replacement- Palm Highlands tract -	\$ 3,639.53
2022-2023	20-161-0-08	20-180-180351	Palm Highlands Tract & Araby Dr 8" Pipeline Replacement	\$ 947,104.42
2022-2023	20-161-0-12	20-180-180351	Palm Highlands Tract & Araby Dr Pipeline Replacement	\$ 247,314.21
2022-2023	20-161-H-06	20-180180410	Palm Highlands Tract & Araby Dr "Hydrants"	\$ 85,352.96
2023-2024	21-1015-R-09	20-180-180345	Southridge Reservoir #1 (No. 9) Earthquake valve	\$ 27,221.98
2023-2024	21-1016-R-17	20-180-180345	Southridge Reservoir #2 (No. 17) Earthquake valve	\$ 30,867.07
2023-2024	21-1017-R-20	20-180-180345	Chino Reservoir #2 (No. 20) Earthquake valve	\$ 33,400.92
2023-2024	21-1018-R-27	20-180-180345	Chino Reservoir #3 (No. 27) Earthquake valve	\$ 27,390.66
2023-2024	21-1019-R-25	20-180-180345	Andreas Hills Reservoir #1 (No. 25) Earthquake	\$ 23,386.30
2023-2024	21-1020-R-31	20-180-180345	Andreas Hills Reservoir #2 (No. 31) Earthquake Valve	\$ 8,362.87
2023-2024	22-1070-W-21	20-180-180310	Well 21 Chlorine Injection	\$ 32,838.70
<b>Total</b>				<b>\$ 1,563,629.15</b>



DESERT WATER AGENCY  
**Back-up Facility Charge Summary**  
 Revenues & Expenditures

**Recycled Water Service**

A Backup Facility Charge for recycled water service shall be imposed for all existing water service connections for which increased capacity is requested and larger meters are installed. *(DWA Resolution 1168 Section 2)*

The purpose of the Backup Facility Charge is to raise a portion of the funds required by the Agency to develop recycled water supplies and construct storage and distribution facilities. *(DWA Ordinance 67 Section 6-1.3)*

**Revenue** Back-up Facility Revenue received in a fiscal year in accordance with DWA Ordinance 67 Section 6-1.3 inclusive of any interest on cumulative excess revenues in accordance with DWA Resolution 1168 Section 3.

**Expenditures** Capital expenditures funded by Desert Water, put into service in a given fiscal year. These capital expenditures are recorded in proportion to the increased capacity they provide to DWA's water system.

Year	Revenue	Expenditures	Cumulative Balance*
1988-1989	\$ -	\$ 8,496,895.00	\$ (8,496,895.00)
1989-1990	\$ 96,193.00	\$ 28,934.00	\$ (8,429,636.00)
1990-1991	\$ -	\$ -	\$ (8,429,636.00)
1991-1992	\$ -	\$ 37,793.00	\$ (8,467,429.00)
1992-1993	\$ -	\$ -	\$ (8,467,429.00)
1993-1994	\$ -	\$ 19,190.00	\$ (8,486,619.00)
1994-1995	\$ -	\$ 21,123.00	\$ (8,507,742.00)
1995-1996	\$ -	\$ 3,545,644.00	\$ (12,053,386.00)
1996-1997	\$ -	\$ 49,258.00	\$ (12,102,644.00)
1997-1998	\$ -	\$ 33,313.00	\$ (12,135,957.00)
1998-1999	\$ -	\$ 177,863.00	\$ (12,313,820.00)
1999-2000	\$ -	\$ 28,864.00	\$ (12,342,684.00)
2000-2001	\$ -	\$ 1,207,954.00	\$ (13,550,638.00)
2001-2002	\$ -	\$ 339,383.00	\$ (13,890,021.00)
2002-2003	\$ -	\$ 38,056.00	\$ (13,928,077.00)
2003-2004	\$ -	\$ 522,373.00	\$ (14,450,450.00)
2004-2005	\$ -	\$ 50,211.00	\$ (14,500,661.00)
2005-2006	\$ -	\$ 25,173.00	\$ (14,525,834.00)
2006-2007	\$ -	\$ 4,198,092.00	\$ (18,723,926.00)
2007-2008	\$ -	\$ 1,935,892.00	\$ (20,659,818.00)
2008-2009	\$ -	\$ 180,517.00	\$ (20,840,335.00)
2009-2010	\$ -	\$ 45,005.00	\$ (20,885,340.00)

2010-2011	\$	-	\$	55,067.00	\$	(20,940,407.00)
2011-2012	\$	-	\$	4,973,063.00	\$	(25,913,470.00)
2012-2013	\$	-	\$	-	\$	(25,913,470.00)
2013-2014	\$	-	\$	739,724.00	\$	(26,653,194.00)
2014-2015	\$	-	\$	99,660.00	\$	(26,752,854.00)
2015-2016	\$	-	\$	2,555,400.00	\$	(29,308,254.00)
2016-2017	\$	-	\$	26,248.00	\$	(29,334,502.00)
2017-2018	\$	-	\$	45,207.00	\$	(29,379,709.00)
2018-2019	\$	-	\$	-	\$	(29,379,709.00)
2019-2020	\$	-	\$	-	\$	(29,379,709.00)
2020-2021	\$	-	\$	-	\$	(29,379,709.00)
2021-2022	\$	-	\$	-	\$	(29,379,709.00)
2022-2023	\$	-	\$	-	\$	(29,379,709.00)
2023-2024	\$	-	\$	27,281.48	\$	(29,406,990.48)
<b>Total</b>	<b>\$</b>	<b>96,193.00</b>	<b>\$</b>	<b>29,503,183.48</b>	<b>\$</b>	<b>(29,406,990.48)</b>
<i>Sum Check</i>	\$	-	\$	-	\$	-

\*A negative cumulative balance represents Agency capital expenditures in excess of Backup Facility Charges levied/collected.

DESERT WATER AGENCY  
**Back-up Facility Charge**  
Expenditures Detail

**Recycled Water Service**

2021-2022, 2022-2023 & 2023-2024

Fiscal Year	Project #	Asset Account	Description	Expenditure
2021-2022		None		\$ -
2022-2023		None		\$ -
2023-2024	16-1086-C-00	20-180-180252	Shallow Groundwater Well Pipe Chlorine Injection (Pad B)	\$ 27,281.48
<b>Total</b>				<b>\$ 27,281.48</b>

DESERT WATER AGENCY  
**Capacity Charge Summary**  
 Revenues & Expenditures

**Sewer Service**

Each applicant shall pay to the Agency a sewer capacity charge, then in effect, as established by resolution of the Board. Capacity charges are based on equivalent dwelling units (EDU) and/or fixture units (FU) as determined by the Agency (*DWA Ordinance 71, Section 6-1*)

Capacity Charge shall mean a charge levied on a premises for the purpose of providing treatment capacity in a waste water reclamation plant and for conveyance capacity in the sewer system. (*DWA Ordinance 71 Section 1-1.6*)

- Revenue** Capacity Charge Revenue received in a fiscal year in accordance with DWA Ordinance 71 Section 6-1 inclusive of any interest on cumulative excess revenues in accordance with DWA Resolution 1229, Section 2.
- Expenditures** Capital expenditures funded by Desert Water, put into service in a given fiscal year. These capital expenditures are recorded in proportion to the increased capacity they provide to DWA's sewer system.

Year	Revenue	Expenditures	Cumulative Balance*
Prior 1988-1989	\$ 36,140.00	\$ 119,529.00	\$ (83,389.00)
1988-1989	\$ -	\$ 7,599.00	\$ (90,988.00)
1989-1990	\$ 77,512.00	\$ 7,599.00	\$ (21,075.00)
1990-1991	\$ 35,469.10	\$ 7,599.00	\$ 6,795.10
1991-1992	\$ 2,970.00	\$ 11,447.00	\$ (1,681.90)
1992-1993	\$ 14,179.20	\$ 7,599.00	\$ 4,898.30
1993-1994	\$ 6,154.30	\$ 8,309.00	\$ 2,743.60
1994-1995	\$ 31,846.90	\$ 7,599.00	\$ 26,991.50
1995-1996	\$ 11,983.68	\$ 7,599.00	\$ 31,376.18
1996-1997	\$ 22,308.53	\$ 7,599.00	\$ 46,085.71
1997-1998	\$ 27,038.00	\$ 99,631.00	\$ (26,507.29)
1998-1999	\$ 18,457.00	\$ 2,380,685.00	\$ (2,388,735.29)
1999-2000	\$ 2,783.00	\$ 37,077.00	\$ (2,423,029.29)
2000-2001	\$ 118,283.00	\$ 153,707.00	\$ (2,458,453.29)
2001-2002	\$ 32,834.00	\$ 5,000.00	\$ (2,430,619.29)
2002-2003	\$ 2,836.00	\$ -	\$ (2,427,783.29)
2003-2004	\$ 199,950.00	\$ 34,706.00	\$ (2,262,539.29)
2004-2005	\$ 1,185,870.00	\$ 41,294.00	\$ (1,117,963.29)
2005-2006	\$ 176,085.00	\$ -	\$ (941,878.29)
2006-2007	\$ 42,472.00	\$ 806,040.00	\$ (1,705,446.29)
2007-2008	\$ 99,288.00	\$ 180,813.00	\$ (1,786,971.29)
2008-2009	\$ 50,520.00	\$ 12,442,742.00	\$ (14,179,193.29)

2009-2010	\$	80,776.00	\$	173,702.00	\$	(14,272,119.29)
2010-2011	\$	96,705.00	\$	-	\$	(14,175,414.29)
2011-2012	\$	229,445.00	\$	4,953,728.00	\$	(18,899,697.29)
2012-2013	\$	64,395.00	\$	3,575.00	\$	(18,838,877.29)
2013-2014	\$	34,650.00	\$	61,503.00	\$	(18,865,730.29)
2014-2015	\$	11,820.00	\$	-	\$	(18,853,910.29)
2015-2016	\$	13,336.00	\$	-	\$	(18,840,574.29)
2016-2017	\$	46,200.00	\$	109,889.00	\$	(18,904,263.29)
2017-2018	\$	32,550.00	\$	89,303.00	\$	(18,961,016.29)
2018-2019	\$	45,150.00	\$	-	\$	(18,915,866.29)
2019-2020	\$	43,050.00	\$	-	\$	(18,872,816.29)
2020-2021	\$	35,962.50	\$	-	\$	(18,836,853.79)
2021-2022	\$	1,249.31	\$	-	\$	(18,835,604.48)
2022-2023	\$	3,421.00	\$	-	\$	(18,832,183.48)
2023-2024	\$	122,807.92	\$	-	\$	(18,709,375.56)
<b>Total</b>	<b>\$</b>	<b>3,056,497.44</b>	<b>\$</b>	<b>21,765,873.00</b>	<b>\$</b>	<b>(18,709,375.56)</b>
<i>Sum Check</i>	\$	-	\$	-	\$	-

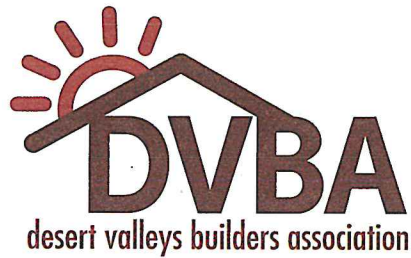
\*A negative cumulative balance represents Agency capital expenditures in excess of Sewer Capacity Charges levied/collected.

DESERT WATER AGENCY  
**Capacity Charge Charge**  
Expenditures Detail

**Sewer Service**

2021-2022, 2022-2023, & 2023-2024

Fiscal Year	Project #	Asset Account	Description	Expenditure
2021-2022		None		
2022-2023		None		
2023-2024		None		
<b>Total</b>				<b>\$ -</b>



**2024 BOARD OF DIRECTORS**

**PRESIDENT**

Paul Mahoney,  
PMA Advertising

**Immediate Past President**

Todd Hooks- Presidents Council

**1<sup>st</sup> VICE PRESIDENT**

Tom Dubose  
Dubose Design Group, Inc.

**SECRETARY/TREASURER**

Pedro Rincon  
Osborne Rincon CPAs

**VICE PRESIDENT  
OF ASSOCIATES**

Allan Levin  
Allan Levin & Associates

**CHIEF EXECUTIVE OFFICER**

Gretchen Gutierrez

**DIRECTORS**

Fred Bell/ *2024 PAC Chairman*

Nobell Energy Solutions  
Brian Benedetti  
Brian Benedetti Construction  
Mark Benedetti  
Cheryl Gonzales, GHA Companies  
Mario Gonzales – Presidents Council  
GHA Companies  
Joe Hayes – Presidents Council  
Jeremy Roos  
Agua Caliente Band of  
Cahuilla Indians  
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Russ Martin  
Mission Springs Water  
District  
Alan Pace  
Petra GeoSciences  
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Coachella Valley Water District  
Phil Smith – Presidents Council  
Sunrise Company  
Alissa Vatter  
Fidelity National Title  
Jeff Wattenbarger – Presidents Council  
Wattenbarger Construction  
Michelle Witherspoon  
MSA Consulting

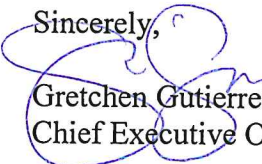
October 16, 2024

Desert Water Agency  
Esther Seanz, Finance Director  
P.O. Box 1710, Palm Springs  
CA 92263

Dear Ms. Seanz,

The Desert Valleys Builders Association appreciates the opportunity to review the Desert Water Agency's Annual Mitigation Fee Reports for fiscal year ending June 30, 2024.

The DVBA is satisfied that DWA has appropriately reported on revenues and expenditures of the Back-up Facility Fund for Reclaimed Water Service; Capacity Charge Fund for Sewer Service; and Back-up Facility Charge Fund for Water Service. We appreciate the inclusion of the itemized capital improvements in the documentation provided.

Sincerely,  
  
Gretchen Gutierrez  
Chief Executive Officer

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

**NOVEMBER 5, 2024**

**RE: REQUEST AUTHORIZATION FOR FINANCE DIRECTOR TO  
EXECUTE PAYMENT PROCESSING SERVICES AGREEMENT WITH  
PAYMENTECH, LLC AND J.P. MORGAN CHASE FOR UTILIZATION  
WITH TYLER PAYMENTS**

In June 2022, the Board of Directors authorized staff to execute an agreement with Tyler Technologies, Inc. (Tyler) for the subscription and implementation services of the Agency's new Enterprise ERP system to replace the Agency's financial, payroll, human resources and utility billing systems. This agreement with Tyler Technologies, Inc. included the Tyler Payments module for processing credit cards, automatic payments, and one-time ACH payments.

In January 2024, the Agency went live on the new Tyler financial software and has since begun the implementation of the human resources, payroll and utility billing components. The human resources and payroll modules are on track to go live on January 1, 2025, and the utility billing module in February 2025.

During the original scoping and contracting with Tyler Technologies, Inc., the Agency had the opportunity to continue to use its current third-party one-time payment platform, Paymentus, requiring a separate integration into the Tyler utility billing platform, or utilize the Tyler Payments component of the Tyler utility billing module already integrated and maintained by Tyler. Consistent with the Agency's current technology strategy to minimize third-party integrations where possible, it was determined that the Agency will utilize the Tyler Payments module to streamline credit card payments to the Agency instead of maintaining a third-party integration.

Currently, the Agency's annual cost for merchant services through Paymentus is \$84,800, averaging approximately \$2.25 per payment. Anticipating the level of one-time payments will remain the same, the annual cost for Tyler Payments will be approximately \$41,300, averaging \$1.22 per payment (0.50% + \$0.50 per transaction).

In addition to replacing the one-time credit card payment features, the Agency will also utilize Tyler Payments for processing monthly automatic bill payments. Currently, the Agency's billing system performs this function, and the Agency bears the cost of programming and responsibility for maintaining compliance with regulatory requirements. The Agency desires to utilize Tyler Payments for utility bill automatic payments to benefit from the expertise and resources that a payment processing service provider can provide in order to maintain compliance.



It is estimated this increased level of service provided through Tyler Payments will cost \$197,200 annually for an annual cost of \$238,500.

Credit card payments	\$ 41,300
Automatic payments	<u>197,200</u>
Total	\$238,500

In order to utilize Tyler Payments, it will require the execution of a Payment Processing Services agreement with Paymentech, LLC and J.P. Morgan Chase in order to process credit cards, one time ACH and auto-pay services through Tyler Technologies, Inc.

### **PRIOR ACTION**

N/A

### **FISCAL IMPACT**

The annual cost of the Paymentech, LLC and J.P. Morgan Chase payment processing services agreement will be approximately \$238,500 resulting in an annual increase in expenses of approximately \$153,700. Finance Director Saenz has reviewed this report.

### **LEGAL REVIEW**

Legal Counsel has reviewed the payment processing services agreement and this report.

### **RECOMMENDATION**

Staff recommends the Board of Directors authorize the Finance Director to execute the payment processing services agreement with Paymentech, LLC and J.P. Morgan Chase Bank, NA.

### **ATTACHMENTS**

1. Payment Processing Services Agreement



**SUBMITTER MERCHANT  
PAYMENT PROCESSING INSTRUCTIONS AND GUIDELINES**

These terms and conditions, the application, forms, and other documents provided by you herewith constitute the Agreement between Paymentech, LLC, JPMorgan Chase Bank, NA, and Merchant.

Paymentech, LLC, also known as Chase Merchant Services (“CMS”, “we”, or “us”), for itself and on behalf of JPMorgan Chase Bank, N.A. (“Chase”), is excited about the opportunity to join **Tyler Technologies, Inc** (referred to herein as “Submitter”) in providing you, the Merchant signing below (hereinafter referred to as “you” or “Merchant”) with state-of-the-art payment processing services.

When you use the services of Submitter to receive payments for Transactions initiated by Card or by ECP, those Transactions are processed by us through systems and networks owned by the Networks, each of which maintains its own set of Network Rules governing Transactions processed over such Network.

The Network Rules, generally require that we have a direct contract with each merchant for which we process payment transactions through the Network, and this agreement (this “Agreement”) contains certain contractual commitments required by the Network Rules to be contained in each such contract.

**1. Compliance with Network Rules, Applicable Law and User Guide; Network Liabilities.**

You agree to comply with the Network Rules (including the Security Standards) of each Network, as they pertain to the Transactions you submit to us (directly or via Submitter) for processing through Submitter. You shall not, through act or omission, cause CMS or Chase to violate any Network Rules. You shall perform your obligations under this Agreement in compliance with all applicable federal, state and local laws and regulations and shall not submit any Transaction that it knows to be illegal. CMS reserves the right to temporarily suspend funding or refuse to process any Transaction if we reasonably suspect that it was prepared in violation of any provision of this Agreement, applicable law, or the Network Rules. You agree to pay any and all fines, fees, penalties, liabilities, charges and other amounts which may be imposed or assessed by the Networks on you, Chase or CMS as a result of your actions, omissions, Transactions, Chargebacks or Returns, including without limitation, your failure to comply with the Network Rules, this Agreement or any Security Standards (the “Network Liabilities”).

**2. Your Transactions; Chargebacks and Returns.**

You represent and warrant that you will only use our services and submit Transactions for processing which represent the sale or lease of goods or the provision of services by you to a Customer and not on behalf of any third-party seller. You shall have full liability for all Chargebacks (with respect to Card Transactions) and all Returns (with respect to ECP Transactions), as may be assessed in accordance with the applicable Network Rules, provided, however, that in the event that any Chargeback or Return is ultimately reversed by the applicable Network in your favor, CMS shall refund you for the amount thereof.

**3. Settlement and Funding.**

- (a) CMS will submit your Transactions to the applicable Network for processing, and thereafter will provisionally fund the Settlement Account (as defined below).
- (b) You must designate at least one bank account for the deposit and settlement of funds and the debit of any fees and costs associated with CMS’s processing of the Transactions (all such designated bank accounts shall be collectively referred to herein as the “Settlement Account”). You authorize CMS to initiate electronic credit entries, debit entries, and adjustments to your Settlement Account for amounts due to or from you in connection with this Agreement. CMS will not be liable for any delays in receipt of funds or errors in Settlement Account entries caused by third parties, including but not limited to delays or errors by Submitter, the Networks, or your bank.
- (c) Unless otherwise agreed, the dollar amount payable to you for your Transactions will be equal to the amount submitted by you in connection with your sale Transactions, minus the sum of amounts due from you, including Refunds, Chargebacks, Returns, Network Liabilities, and all applicable charges and adjustments; provided, however, that in the event we fail to withhold any such amounts from

your Transaction proceeds, we may debit your Settlement Account for such amounts ;

(d) If we fail to withhold any Refunds, Returns, Chargebacks, Network Liabilities or other charges or amounts due from the proceeds payable to the Settlement Account (including where such proceeds are insufficient to cover such obligations), or if the Settlement Account does not have a sufficient balance to pay amounts due from you under these guidelines, we may pursue one or more of the following options: (i) demand and receive immediate payment for such amounts; (ii) debit the Settlement Account for the amount of the negative balance; (iii) withhold settlement payments to the Settlement Account until all amounts are paid, (iv) delay presentation of refunds until a payment is made to us of a sufficient amount to cover the negative balance; and (v) pursue any remedies we may have at law or in equity.

#### **4. Specific Requirements, Representations and Warranties Relating to ACH Transactions.**

(a) The NACHA Operating Rules (“NACHA Rules”) are the applicable Network Rules governing your ECP Transactions that utilize the ACH network, including, without limitation, ACH, ARC, TEL and WEB Transactions (“ACH Transactions”). You are responsible for complying with the NACHA Rules as set forth in Section 1 of this Agreement. The originating depository financial institution which CMS uses (currently Chase) to originate and process your ACH Transactions (the “ODFI”, as that term is further defined in the NACHA Rules) retains the right to reject or delay any ACH Transaction, to execute an ACH Transaction through any clearing house or channel it deems appropriate, to terminate or suspend your right to originate ACH Transactions, or to audit your compliance with the NACHA Rules.

(b) Any credit made to your Customer’s account as a result of an ACH Transaction originated by you (e.g., an issuance of a refund) is provisional until your Customer’s receiving depository financial institution (the “RDFI”, as further defined in the NACHA Rules) receives final settlement for such entry through a Federal Reserve Bank. If final settlement is not received by the RDFI, the RDFI will receive a refund from your Customer, and your Customer will not be deemed to have been paid by you.

(c) You represent and warrant that: (i) each ACH Transaction you originate will comply with all applicable laws and NACHA Rules; (ii) you will not originate any ACH Transaction as a Third Party Sender (as that term is defined in the NACHA Rules) and will not allow any third party to originate an ACH Transaction through your account under this Agreement; (iii) all ACH Transactions resulting in a debit to the Customer will be authorized by the Customer in writing and signed or similarly authenticated in a manner that complies with the NACHA Rules; (iv) you will obtain and retain proper authorization, in accordance with all applicable laws and the NACHA Rules, for each initiation of an ACH debit or credit to a Customer’s account, and will make copies thereof available to us upon request; and (v) you hereby make to us, and certify compliance with, all warranties that we or the ODFI make, or are deemed to make, under the NACHA Rules, in connection with any ACH Transaction you originate.

#### **5. Safeguarding Account Information; Security Standards.**

(a) By accepting Card and ECP payments from your Customers, you acknowledge and understand the importance of protecting Transactions and Account Information and complying with the applicable Network Rules, Security Standards, and applicable law. You also acknowledge the heightened risk associated with access to Transactions and Account Information, and, to the extent you do have access to Transactions and Account Information, you must establish policies and procedures to protect such information in conformity with the Network Rules, Security Standards, and applicable law, including the storage and disclosure of such information. You shall exercise reasonable care to prevent use or disclosure of Transactions, Account Information, other than as necessary to complete a Transaction or as otherwise specifically permitted by the Network Rules or required by applicable law. If at any time you determine or suspect that Transactions or Account Information have been compromised, you must notify CMS immediately and assist in providing notification to such parties as may be required by law or Network Rules, or as CMS otherwise reasonably deems necessary. You further agree to provide CMS, upon its request, with information related to your compliance with the Network Rules and Security Standards as may from time to time be required by the Networks or reasonably requested by us.

(b) You acknowledge that failure to comply with the Network Rules, including the Security Standards, or the occurrence of a Data Compromise Event, may result in assessments, fines and/or penalties by the Networks. In the event CMS or Chase incurs any damage, loss, liability or expense as a result of any such failure or occurrence, including, without limitation, any Network Liability, you shall reimburse CMS and Chase, as applicable, immediately for all such amounts. Furthermore, if any Network requires a forensic examination of you or any of your agents, business partners, contractors, or subcontractors due to a Data Compromise Event, you agree to cooperate with such forensic examination until it is completed, including, without limitation, the engagement of an examiner acceptable to the relevant Network. Notwithstanding the foregoing, the Networks may directly, or demand that CMS, engage an examiner on your behalf in order to expedite the investigation of the Data Compromise Event.

## 6. Merchant Taxpayer Certification and CMS Reporting Obligations.

Upon request from time to time, Merchant shall provide CMS with the appropriate taxpayer certification documentation, via Internal Revenue Service (IRS) Form W-9 (or the appropriate versions of Form W-8, if applicable). Merchant shall promptly notify CMS if there are any changes in this information. CMS may deduct withholding taxes, if any, from proceeds payable to Merchant or any entity that is a party to this agreement where required under applicable law. CMS may, in accordance with applicable law and from time to time during the term of this Agreement, request Merchant to recertify its taxpayer certification hereunder. Furthermore, Merchant shall be responsible for any penalties related to the reporting obligations of CMS hereunder to the extent such penalties accrue based on the actions or inactions of Merchant despite reasonable notice from CMS.

## 7. Amendments and Updates.

We reserve the right to update or amend this Agreement from time to time, including as may be required to ensure compliance with the Network Rules, applicable law, or the policies, procedures or requirements of the ODFI. In such event, we will provide you with the changes, or with an updated copy of this Agreement, and your continued use of our processing services after your receipt of such changes shall constitute your agreement to comply with the Agreement as so amended.

## 8. Data Security and Privacy

By signing below, you represent to us that you **do not** have access to any Account Information (such as the Customer's primary account number, expiration date, security code or personal identification number) and you will not request access to such Account Information from Submitter. In the event that you do happen to receive Account Information in connection with the processing services provided by Submitter or CMS under these guidelines, you agree that you will not use it for any fraudulent purpose or in violation of any Network or applicable law and you will comply with all applicable Network Rules and Security Standards. If at any time you believe that Account Information has been compromised, you must notify us promptly and assist in providing notification to the proper parties. You must insure compliance with all Security Standards that are applicable to you and which may be published from time to time by the Network. If any Network requires an audit of you due to a Data Compromise Event or suspected event, you agree to cooperate with such audit. You may not use Account Information other than for the sole purpose of completing the Transaction authorized by the Customer for which the information as provided to you, or as specifically allowed by Network Rules, or required by law. In the event of your failure, including bankruptcy, insolvency or other suspension of business operations, you shall not sell, transfer or disclose any materials that contain Transaction information or Account Information to third parties.

## 9. Definitions.

- (a) "**Account Information**" is information related to a Customer or the Customer's Card or any bank account, depository account, or other account maintained by the Customer, and that is obtained by you or Submitter from the Customer's Card or any check provided by the Customer, or that is otherwise obtained by you from the Customer in connection with a Transaction (for example, an account number, a security code, a PIN number, or the customer's zip code when provided as part of an address verification system). Without limiting the foregoing, such information may include the Card account number, the bank account number, the card expiration date, the Customer's name or date of birth, PIN data, security code data (such as CVV2 and CVC2) and any data read, scanned, imprinted, or otherwise obtained from the Card or any check printed thereon, or magnetically, electronically or otherwise stored thereon.
- (b) "**ACH**" means Automated Clearing House.
- (c) "**Card**" means a physical or virtual credit, debit card, pre-paid card, or stored value card, or any evidence thereof (e.g. account number, access number, token, code, payment credential, or other form factor or access device), or any device, mobile application, digital wallet or other technology, medium or method (regardless of form) used to access an account or account number associated therewith and through which Network payment services are delivered, authorized and established between a Customer and a Network, or representatives or members of a Card Network that Merchant accepts from Customers as payment for goods or services.
- (d) "**Chargeback**" is a rejection, reversal or return of a Transaction you previously presented to CMS, as permitted and governed by the applicable Network Rules. The term Chargeback shall include any Return of an ECP Transaction.
- (e) "**Chase**" is JPMorgan Chase Bank, N.A. or other entity providing sponsorship to CMS as required by all applicable Networks. Your acceptance of Network products is extended by the Chase.
- (f) "**CMS**", "**we**", "**our**", and "**us**" is Paymentech, LLC, a Delaware limited liability company, having its principal office at 8181 Communications Parkway, Plano, Texas 75024.
- (g) "**Customer**" is the person or entity to whom a Card is issued or who is otherwise authorized to use a Card and who initiates a

payment with you relating to a Transaction.

- (h) **“Data Compromise Event”** means an occurrence that results, or could result, directly or indirectly, in the unauthorized access to or disclosure of Transactions and/or Account Information.
- (i) **“ECP”** means electronic check processing as a means of receiving or making payment in connection with a Transaction or Refund. ECP includes various products of a type supported by CMS, including, without limitation, ACH, ARC, CCD, EFT, POP, PPD, TEL, WEB and Facsimile Draft.
- (j) **“Network”** is any payment method provider whose payment method is accepted by you from your Customers and which is accepted by CMS for processing, including, but not limited to, Visa, Inc., MasterCard International, Inc., Discover Financial Services, LLC and other credit and debit card providers, debit network providers. Network also includes the National Automated Clearing House Association (“NACHA”), with respect to Transactions involving any credit or debit entry processed over the ACH network, and any other network or clearing house over which any ECP Transactions may be processed.
- (k) **“Network Rules”** are the standards, bylaws, rules, and operating regulations, as they exist from time to time, of the various Networks, and includes the Security Standards.
- (l) **“Refund”** means any refund or credit issued for any reason, including, without limitation, for a return of merchandise or cancellation of services, and any adjustment of a Transaction.
- (m) **“Return”** means any rejection, reversal or return of an ECP Transaction or ACH debit entry you previously presented to CMS, as permitted and governed by the applicable Network Rules.
- (n) **“Security Standards”** are all rules, regulations, standards or guidelines adopted or required by the Networks or the Payment Card Industry Security Standards Council relating to privacy, data security and the safeguarding, disclosure and handling of Account Information, including but not limited to the Payment Card Industry Data Security Standards (“PCI DSS”), Visa’s Cardholder Information Security Program, Discover’s Information Security & Compliance Program, American Express’s Data Security Operating Policy, MasterCard’s Site Data Protection Program, MasterCard’s POS Terminal Security program and the Payment Card Industry PIN Entry Device Standard, in each case as they may be amended from time to time.
- (o) **“Transaction”** is a transaction conducted between a Customer and you utilizing a Card or ECP for payment in connection with the sale of goods or the lease or provision of services by you (either directly or through Submitter). Transaction may also be used to refer to the written or electronic record of such a transaction, including, without limitation, an authorization code, settlement record, ECP file, or a credit or debit entry pursuant to and consistent with NACHA Rules which is submitted to CMS to initiate or evidence a Transaction.
- (p) **“Transaction Receipt”** means an electronic or paper record of a Transaction generated upon completion of a sale or Refund, a copy of which is presented to the Customer.

**I, the undersigned, individually and on behalf of Merchant, certify, represent and warrant that:**

- I am an owner, officer, partner or other authorized representative of the Merchant (“Authorized Representative”), duly authorized to:
  - enter into legally binding agreements on behalf of the Merchant;
  - execute and submit this document on behalf of Merchant;
  - provide all information contained herein (including, as applicable, banking or financial information, and personal information relating to owners, officers, partners or Merchant contacts), on behalf of the Merchant;
- all information contained within this document or submitted in connection herewith is true, complete and not misleading.
- to the extent any bank account information is being provided in connection with this document, Merchant owns such bank account, and such account is being maintained solely for business purposes and not for personal, family, or household purposes
- Chase Paymentech and Member may:
  - investigate and verify the credit and financial information of Merchant, and
  - obtain credit reports on Merchant from time to time in connection with establishing Merchant’s account and maintaining the Agreement.

**If I have identified myself as an Owner of Merchant in this document, by signing below I authorize and instruct Chase Paymentech, Member, or their designee(s) to conduct the following in connection with establishing Merchant’s account and maintaining the Agreement:**

- obtain and use consumer credit reports (or other information derived therefrom) on me from time to time; and
- investigate and verify personal credit and financial information about me or any other owner identified herein or in the Application, the Agreement, or any other document provided by me or Merchant in connection with any of the foregoing.

**Merchant, intending to be legally bound, hereby agrees to the terms and conditions of the above Payment Processing Instructions and Guidelines.**

**Agreed and Accepted by:**

Desert Water Agency

MERCHANT LEGAL NAME

1200 S Gene Autry Trail, Palm Springs, CA 92264

Legal Address

By (authorized signature)

Esther Saenz, Finance Director

By, Name, Title

Date

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

**NOVEMBER 5, 2024**

**RE: CUSTOMER APPEAL – JOHN PAYNE**

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, John Payne, is requesting a credit or discount from his last three months bills of \$517.28. He is requesting a credit due to the following:

1. He states he had a swimming pool leak during the summer while he was away from the property.

**Action Summary and Supporting Information:**

1. 10/04/24 Customer submitted a dispute.
2. 10/07/24 Dispute denial letter was mailed and emailed indicating that the Agency generally does not issue credit for leaks.
3. Given during these months over the past three years (2021-2023), the customer’s consumption has averaged from 72 to 77 units per month and a water leak would only impact the variable consumption and not the fixed monthly charge. Water consumption for July and August was less than the historical average during the same months. However, September consumption was 29 units over the historical average. Relief, if granted, should not exceed the amount in excess to the average monthly bill for the same months, or \$70.76 for September 2024.
4. The total amount billed for July thru September 2024 is \$517.28.

Fiscal Impact:

If the Board decides to deny the appeal, there will be no fiscal impact. If the Board decides to grant the appeal, the Agency may credit the account up to \$70.76. Finance Director Saenz has reviewed this report.

Legal Review:

N/A

Staff Recommendation:

Staff recommends the Board deny this appeal.

Attachments:

Attachment #1 – Appeal form

Attachment #2 – Account Records



**From:** [Sylvia Baca](#)  
**To:** [Sylvia Baca](#)  
**Subject:** FW: John Payne - Desert Water Agency - Appeal  
**Date:** Wednesday, October 23, 2024 10:34:40 AM

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**From:** Desert Water Agency <[no-reply@dwa.org](mailto:no-reply@dwa.org)>  
**Sent:** Saturday, October 19, 2024 5:09 PM  
**To:** Appeal <[Appeal@dwa.org](mailto:Appeal@dwa.org)>  
**Cc:** Outreach <[OutReach@dwa.org](mailto:OutReach@dwa.org)>; Conservation <[conservation@dwa.org](mailto:conservation@dwa.org)>  
**Subject:** Desert Water Agency - Appeal

Hello,

We just received this appeal from the website.

Name: John Payne

Email : [REDACTED]

Phone : [REDACTED]

Property Address: [REDACTED] S. Calle Rolph

Date of decision/bill appealed: 10/08/2024

Why appealing? : I suffered a leak during June-July-August when I was not at the residence to discover and fix it.

What do you want DWA to do?: Credit/discount my bill

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

Thank You!

Office: 1200 S Gene Autry Trail  
Palm Springs

Hours: Weekdays: 8 a.m. - 5 p.m.

Inquires: 760-323-4971

Web Site: [www.dwa.org](http://www.dwa.org)



Desert Water Agency  
P.O. Box 1710  
Palm Springs, CA  
92263-1710

JANICE L & JOHN PAYNE  
S PALM CANYON DR  
PALM SPRINGS, CA 92264

### ACCOUNT INFORMATION

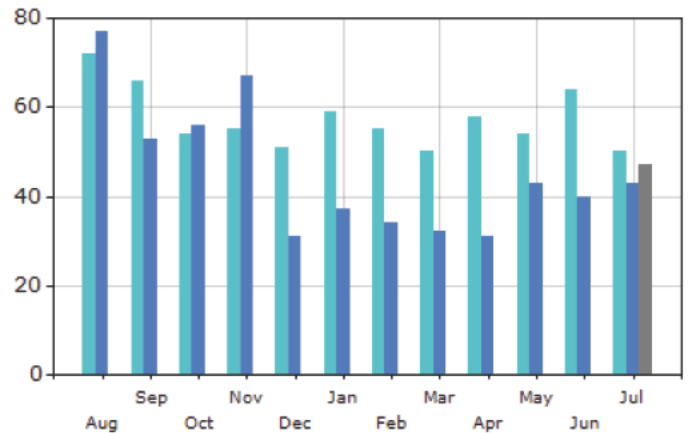
**Account No:** [REDACTED]  
**Service Address:** [REDACTED] CALLE ROLPH S  
**Read Date:** 7/19/2024  
**Previous Reading:** 1,858 HCF  
**Current Reading:** 1,901 HCF  
**Consumption:** 43 HCF (32,164 gallons)

100 cubic feet (HCF) = 748 gallons [bill code: Normal v1]

**Rate changes!**  
DWA's Board of Directors approved the second increase of a multi-year rate plan. Water rate increases will go into effect in January 2025 and appear on February bills. Visit [www.dwa.org/rates](http://www.dwa.org/rates) to learn more.

### PREVIOUS vs. CURRENT USE

How are you doing on conservation?



<b>Current (HCF)</b>	77	53	56	67	31	37	34	32	31	43	40	43
<b>Previous (HCF)</b>	72	66	54	55	51	59	55	50	58	54	64	50

How do you compare? You used about as much as similar customers.

100 cubic feet (HCF) = 748 gallons

(return stub below dotted line for payment)



Desert Water Agency  
P.O. Box 1710 Palm Springs, CA  
92263-1710

**Account Number:** [REDACTED]  
**Payment Due Date:** 8/5/2024  
**Total Amount Due:** \$143.24

Amount Enclosed \$ \_\_\_\_\_

Thank You!

RETURN THIS PORTION WITH YOUR CHECK  
MADE PAYABLE TO DESERT WATER AGENCY.  
**PLEASE DO NOT SEND CASH. PLEASE DO NOT STAPLE.**

JANICE L & JOHN PAYNE  
S PALM CANYON DR  
PALM SPRINGS, CA 92264

Pay My Bill

Update your Information

(Please pay the total amount due to avoid a \$25 Late Fee)

Office: 1200 S Gene Autry Trail  
Palm Springs

Hours: Weekdays: 8 a.m. - 5 p.m.

Inquires: 760-323-4971

Web Site: [www.dwa.org](http://www.dwa.org)



Desert Water Agency  
P.O. Box 1710  
Palm Springs, CA  
92263-1710

JANICE L & JOHN PAYNE  
S PALM CANYON DR #  
PALM SPRINGS, CA 92264

### ACCOUNT INFORMATION

**Account No:** [REDACTED]  
**Service Address:** [REDACTED] CALLE ROLPH S  
**Read Date:** 8/20/2024  
**Previous Reading:** 1,901 HCF  
**Current Reading:** 1,969 HCF  
**Consumption:** 68 HCF (50,864 gallons)

100 cubic feet (HCF) = 748 gallons [bill code: Normal v1]

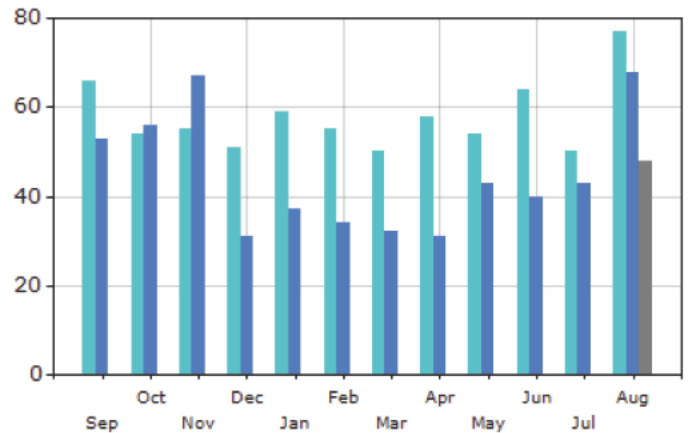
### Skip overseeding!

It's a water intensive practice. Even better, get an incentive to replace grass with desert friendly landscaping for year-round savings. Learn more at [www.dwa.org/save](http://www.dwa.org/save).

**Previous Balance:** \$143.24  
**Payments Received:** (\$143.24)  
**Past Due:** \$0.00  
**Consumption:** (68 x \$2.44) \$165.92  
**Water Service:** \$38.32  
**Current Charges:** \$204.24  
**Total Charges Due:** \$204.24

### PREVIOUS vs. CURRENT USE

How are you doing on conservation?



Current (HCF)	53	56	67	31	37	34	32	31	43	40	43	68
Previous (HCF)	66	54	55	51	59	55	50	58	54	64	50	77

How do you compare? You used more than similar customers. 48

100 cubic feet (HCF) = 748 gallons

(return stub below dotted line for payment)



Desert Water Agency  
P.O. Box 1710 Palm Springs, CA  
92263-1710

RETURN THIS PORTION WITH YOUR CHECK  
MADE PAYABLE TO DESERT WATER AGENCY.  
**PLEASE DO NOT SEND CASH. PLEASE DO NOT STAPLE.**

JANICE L & JOHN PAYNE  
S PALM CANYON DR  
PALM SPRINGS, CA 92264

**Account Number:** [REDACTED]  
**Payment Due Date:** 9/6/2024  
**Total Amount Due:** \$204.24

Amount Enclosed \$ \_\_\_\_\_

Thank You!

Pay My Bill

Update your Information

(Please pay the total amount due to avoid a \$25 Late Fee)

Office: 1200 S Gene Autry Trail  
Palm Springs

Hours: Weekdays: 8 a.m. - 5 p.m.

Inquires: 760-323-4971

Web Site: [www.dwa.org](http://www.dwa.org)



Desert Water Agency  
P.O. Box 1710  
Palm Springs, CA  
92263-1710

JANICE L & JOHN PAYNE  
[REDACTED] S PALM CANYON DR [REDACTED]  
PALM SPRINGS, CA 92264

### ACCOUNT INFORMATION

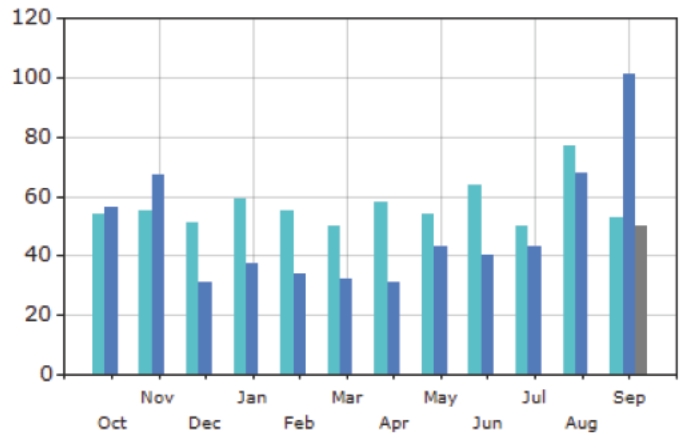
**Account No:** [REDACTED]  
**Service Address:** [REDACTED] CALLE ROLPH S  
**Read Date:** 9/19/2024  
**Previous Reading:** 1,969 HCF  
**Current Reading:** 2,070 HCF  
**Consumption:** 101 HCF (75,548 gallons)

100 cubic feet (HCF) = 748 gallons [bill code: Normal v1]

**Save water & money indoors!**  
Learn about rebates on high efficiency toilets (up to \$150) and Energy Star washing machines (up to \$250). Go to [www.dwa.org/save](http://www.dwa.org/save) for details.

### PREVIOUS vs. CURRENT USE

How are you doing on conservation?



**Previous Balance:** \$204.24  
**Payments Received:** (\$204.24)  
**Past Due:** \$0.00  
**Consumption:** (101 x \$2.44) \$246.44  
**Water Service:** \$38.32  
**Current Charges:** \$284.76  
**Total Charges Due:** \$284.76

<b>Current (HCF)</b>	56	67	31	37	34	32	31	43	40	43	68	101
<b>Previous (HCF)</b>	54	55	51	59	55	50	58	54	64	50	77	53

How do you compare? You used more than similar customers. 50

100 cubic feet (HCF) = 748 gallons

(return stub below dotted line for payment)



Desert Water Agency  
P.O. Box 1710 Palm Springs, CA  
92263-1710

**Account Number:** [REDACTED]  
**Payment Due Date:** 10/7/2024  
**Total Amount Due:** \$284.76

Amount Enclosed \$ \_\_\_\_\_

Thank You!

RETURN THIS PORTION WITH YOUR CHECK  
MADE PAYABLE TO DESERT WATER AGENCY.  
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**STAFF REPORT  
TO  
DESERT WATER AGENCY  
BOARD OF DIRECTORS**

**NOVEMBER 5, 2024**

**RE: DWA ANNUAL STATE LEGISLATIVE REPORT**

The purpose of this discussion item is to provide a verbal update on the California Legislative session. Attached to this report is the year-end report provided by Desert Water Agency's (DWA) state lobbying firm, Reeb Government Relations. Bob Reeb will present key activities from the two-year 2023-2024 legislative session.

Highlights of the legislative report include updates on the Climate Resiliency Bond (Proposition 4), "Making Conservation a California Way of Life" framework, the current status of the State Budget and proposed legislation for a water rate assistance program, along with additional legislative and regulatory developments.

Fiscal Impact:

N/A

Legal Review

N/A

Recommendation:

Staff recommends that the Board of Directors receive and file the 2024 DWA Annual State Legislative Report.

Attachments:

Attachment #1 – 2024 DWA Annual State Legislative Report



# MEMORANDUM

OCTOBER 24, 2024

**TO:** Victoria Llord, Director of Public Affairs & Conservation  
Desert Water Agency

**FROM:** Bob Reeb, Raquel Ayala Vargas, Esq., and Kenneth McKelvie  
Reeb Government Relations, LLC

**RE:** 2024 Annual Report

This is the 20<sup>th</sup> year that Reeb Government Relations has had the honor and privilege to represent Desert Water Agency (DWA or Agency) in California's State Capitol to advance its interests on behalf of its customers and taxpayers through legislative and regulatory advocacy. Our firm provides a full suite of lobbying services under your immediate direction and enjoys working with the Board of Directors, General Manager Steve Johnson, and Agency staff. We provide weekly legislative status reports to the Agency, and value the expertise, advice and comments shared by senior staff in response to our inquiries related to legislative and regulatory proceedings.

This was the second year of the 2023-24 Regular Session and we are pleased to report that the Agency and our firm have continued to work with Assembly Member Greg Wallis, Assembly Member Eduardo Garcia, and Senator Kelly Seyarto and their respective staff. All three legislators were responsive to Agency positions on legislation and their staff continue to be accessible to our firm and the Agency.

## Fiscal Year 2024-25 State Budget

*—A budget tells us what we can't afford, but it doesn't keep us from buying it!*

Governor Gavin Newsom introduced his \$291.4 billion budget proposal on January 10, 2024. Like last year, a deficit continued to challenge the Governor and Legislature, with the Governor's Department of Finance (DOF) projecting a \$37.86 billion shortfall.

Governor Newsom proposed another round of fiscal maneuvering, such as cuts, delays, deferments, and withdrawing funds from budgetary reserves.

The 2021 and 2022 Budget Acts allocated about \$54 billion over five years to advance the state's climate agenda, including \$8.7 billion for drought resilience and response programs. The Governor's January proposal left most of this intact with over \$48.3 billion in multi-year climate funding, including \$7.3 billion over multiple years for water investments. It remains to be seen if the funding level is sustained as future state budgets are also projected to be in the red over the following two fiscal years.

To address the projected \$37.86 billion deficit, the Governor's proposed state budget included: a \$13.1 billion withdrawal from the budget stabilization and safety net reserve accounts; an \$8.5 billion cut from existing programs, including climate and water programs; delaying \$5.1 billion worth of spending; deferring \$2.1 billion to 2025–26; and \$5.7 billion in internal borrowing from special funds. Even after the proposed withdrawals, the proposed budget plan still reflected \$18.4 billion in remaining budgetary reserves, which includes \$11.1 billion in the Rainy-Day Fund.

For climate programs, proposed cuts included: reversing \$88.4 million and reduce \$350 million over the next two years for various watershed climate resilience programs within the Department of Water Resources (DWR) and the Wildlife Conservation Board; reversing \$174 million and delaying \$100 million until 2025–26 for water recycling and groundwater cleanup programs; reversing \$71.6 million and reducing \$30 million in 2024–25 for Per- and Polyfluoroalkyl (PFAS) support; reversing \$50 million from dam safety investments; shifting \$20.6 million from the General Fund to the Greenhouse Gas Reduction Fund (GGRF) for the State Water Efficiency and Enhancement Program; reversing \$12.9 million from the California Emergency Relief Fund for drought relief to small farmers; reducing \$6.75 million from ongoing funding for Forecast Informed Reservoir Operations; and reversing \$6 million from California Emergency Relief for on-farm water use and agriculture technical assistance. Despite these cuts, the Governor proposed \$159 million in *new* investments for flood protection, levee repairs, and Salton Sea restoration programs.

Further complicating discussions around the budget this year were the stark differences between Governor Newsom's deficit projections against those of the Legislative Analyst's Office (LAO). In December 2023, the LAO published its annual *Fiscal Outlook* report, projecting a \$68 billion budget deficit, nearly twice what the Governor projected in his proposal. Though the Newsom administration attributed such a gap in their prediction to being less concerned than the LAO about an impending recession, the LAO believed that the Governor's revenue estimate was optimistic, and that the state faced significant deficits in future years. The LAO also pointedly noted that some of the solutions outlined in the January proposal were unlikely to yield anticipated savings.

“Overall, the Governor's budget runs the risk of understating the degree of fiscal pressure facing the state in the future,” the LAO wrote in its outlook. “The Legislature likely will face more difficult choices next year.”

In February, the LAO released a deficit update, noting that recent revenue collections data indicated a \$15 billion increase to the budget problem, from an estimated \$58 billion to \$73 billion deficit. The LAO then identified one-time and temporary spending that could be pulled back and reduced, including funding for water resilience projects, flood and dam safety, urban flood risk reduction, and water conveyance and water storage projects.

By April, the Legislature preemptively addressed some of the budget issues by passing AB 106 (Gabriel), which amended the Budget Acts of 2022–23 and 2023–24 to reduce the budget shortfall by \$1.6 billion through myriad solutions, many of which were first introduced in the Governor’s January budget proposal. Solutions included: reverting to the General Fund \$88 million for watershed climate resilience; reverting \$6 million for on-farm water use and agriculture technical assistance; reverting \$9.8 million for regional climate collaboratives; and reverting \$5 million for climate adaptation and resilience planning grants. The bill also reverted over \$60 million from the Wildfire Resilience Package. AB 106 enacted the “Early Action” agreement by Assembly Speaker Robert Rivas (D-Hollister), Senate President Pro tempore Mike McGuire (D-Geyserville), and Governor Newsom to adopt about \$17.3 billion in budget solutions, including reducing previously appropriated funds, spending solutions, and statutory changes. The total Early Action package included \$3.6 billion in reductions, \$5.2 billion in revenue and borrowing, \$5.2 billion in delays and deferrals, and \$3.4 billion in shifts of costs from the General Fund to other state funds. Republicans in the Legislature heavily criticized the Early Action agreement as either unreliable or insufficient, with many labeling the agreement as a “gimmick,” and arguing that Democrats have not been taking the growing budget deficit seriously.

By the time the May Revision forecast was finalized, DOF noted that weak cash receipts related to the 2023 tax year and upgraded growth assumptions going forward, have led to downgrades to the revenue forecast in the budget window—fiscal years 2022-23 through 2024-25—followed by upward revisions in the multiyear—fiscal years 2025-26 through 2027-28. Additionally, DOF believed that the immediate risks to their May Revision forecast remain driven by persistent inflation and elevated interest rates:

*“If inflation is slow to return to the Federal Reserve’s target rate of 2 percent, the Federal Reserve could maintain high target rates which would result in additional drag on interest-sensitive spending. The current high-interest rate environment could hamper economic activity by more than projected, especially given more cautious lending practices and if consumers curtail discretionary spending. Escalating geopolitical conflicts would likely increase economic uncertainties for the U.S. and California...”*

The Legislature passed a budget bill on June 15, 2024, to meet the constitutional deadline to pass a balanced state budget.



Governor Newsom signed the FY 2024-25 state budget, along with several budget trailer bills on June 26, 2024. The budget spends \$297.9 billion in total state funds, consisting of \$211.5 billion from the General Fund, \$84 billion from special funds, and \$2.4 billion from bond funds. The budget, according to legislative leaders, addresses an anticipated deficit of \$46.9 billion for the coming fiscal year, and an expected \$29.8 billion shortfall in FY 2025-26.

Spending-related solutions totaling \$39 billion represent about 70% of the of the total solutions in the budget, and include: \$14 billion in reductions—\$10 billion of which are one time or temporary, and \$4 billion are ongoing, which grow to \$6 billion over time; \$4 billion in fund shifts, where other fund sources are used to pay for a cost typically incurred by the General Fund; \$2 billion in delays; and \$1 billion in reverting unspent funds back to the General Fund. Additionally, the budget includes a \$5 billion withdrawal from the Budget Stabilization Account; a \$1 billion withdrawal from the Safety Net Reserve; \$2 billion in cost shifts; \$8 billion in revenue-related solutions, such as a temporary increase on corporation tax revenues by about \$6 billion in 2024-25; and the suspension of Proposition 98 requirements and reduced spending for schools and community colleges.

The 2024-25 budget agreements dedicate \$4.4 billion from the Greenhouse Gas Reduction Fund (GGRF) across multiple years to backfill some of the cuts made to the climate package, and to help offset potential programmatic impacts. Thus, though the multi-year package was not left unscathed from spending solutions, such a cost shift allows the budget to maintain roughly \$45 billion of the original \$54 billion climate package passed in 2021 and 2022.

### Changes in Legislative Leadership Introduces Uncertainty

*– People buy into the leader before they buy into the vision.<sup>ii</sup>*

Senator Mike McGuire (D-Healdsburg) was sworn in on February 5, 2024, as the 52<sup>nd</sup> Senate President Pro tempore of the California State Senate. McGuire, a former county supervisor who was elected to the Senate in 2014, has served as Majority Leader since 2022, and has been integral to several legislative victories for Senate Democrats, including the 2022 climate package and the infrastructure streamlining package negotiated alongside the FY2023-24 State Budget. McGuire succeeded Senator Toni Atkins (D-San Diego), who stepped down from her leadership post, having led the Senate since 2018. Senator Atkins reaches the end of her term limit this year and has expressed interest in entering the 2026 gubernatorial race. McGuire's term as Pro tempore will be relatively brief, as he reaches the end of his term limit in 2026.

McGuire announced his leadership team on February 8, 2024, rewarding key allies who helped him secure the leadership post. Senator Lena Gonzalez (D-Long Beach) succeeded McGuire as Majority Leader for the 31-member Democratic Caucus. Senator Monique Limon (D-Santa Barbara) will continue as the Democratic Caucus chairperson, and Senators Angelique Ashby (D-Sacramento) and Aisha Wahab (D-Silicon Valley)

were chosen to be the Assistant Majority Leaders. Overall, McGuire kept over half of all Senate committee chairpersons intact. Senator Anna Caballero (D-Merced) was selected as the new Appropriations chair, and Senator Scott Wiener (D-San Francisco) was selected as the Budget Committee chair.

On the Assembly side, Speaker Robert Rivas (D-Hollister) reorganized his leadership team in November 2023. At that time, Rivas tapped Assembly Member Cecilia Aguiar-Curry (D-Winters) to assume the role of Speaker Pro tempore and Assembly Member Isaac Bryan (D-Los Angeles) as the Majority Leader. When he announced the changes this year, he selected Assembly Member Jim Wood (D-Healdsburg) to take over as Speaker Pro tempore, and Assembly Member Aguiar-Curry was named Majority Leader. Assembly Member Bryan, meanwhile, would no longer be part of the Speaker's leadership team. Rivas additionally announced changes to committee leadership. Assembly Member Buffy Wicks (D-Oakland) replaced Assembly Member Chris Holden as Chair of the Appropriations Committee. Rivas selected Assembly Member Jesse Gabriel (D-Encino) to replace Assembly Member Phil Ting as Chair of the Assembly Budget Committee.

Our firm has an established working relationship with Aguiar-Curry and her staff based on our representation of Solano County Water Agency.

## Climate Resilience Bond Qualifies for the November Ballot

—*Resilience... is about accepting and preparing for new realities.*<sup>iii</sup>

Promoting climate resilience has been a top priority for Governor Newsom and legislative Democrats, but other spending priorities have meant fewer General Fund dollars have been appropriated for climate resilience investments. Several legislators introduced climate resilience bonds in 2023 for placement on the November 2024 statewide election ballot. These included Senate Bill 638 by Senator Susan Eggman (D-Stockton) and Roger Niello (R-Roseville), Senate Bill 867 by Senator Ben Allen (D-Santa Monica), and Assembly Bill 1567 by Assembly Member Eduardo Garcia (D-Coachella).

SB 867 and AB 1567 were amended several times and reached a price tag of just under \$16 billion, respectively; while SB 638, which focused on climate resiliency and flood protection funding, sought to approve \$6 billion in funding. Provisions were added in 2023 to both SB 638 and SB 867 that would prevent each bond from going into effect unless the other is also enacted. All three bills passed their house of origin in 2023 and stalled in their sister house, thus becoming 2-year bills.

Last year, the Governor had indicated that he could only support a total of \$26 billion in new debt going before the voters this year, and a \$4.68 billion bond to build 10,000 new behavioral health beds and supportive housing units across the state appeared on the March primary election ballot. This year, Senate and Assembly staff began working behind closed doors to write a climate resilience bond that would total \$10 billion. The

Newsom Administration, however, did not engage in this work, and indicated that it would not do so until the FY 2024-25 state budget was completed. This left little time to settle on a climate resilience bond before the June 27 statutory deadline for placing measures on the November 2024 ballot.

Our firm closely monitored the progress of all three bond bills and communicated Agency priorities to influence the content of the bills. Throughout this time, we leaned heavily on Assembly Member Garcia to press for funding categories and language that would benefit the Agency in terms of its ability to compete for state grant funding. In the first week of July 2024, after a year in stagnation, the Legislature swiftly released and passed SB 867 by Senator Ben Allen (D-Santa Monica). The bill, known as the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, or climate resilience bond, authorizes a \$10 billion state general obligation bond for the November 5, 2024 state-wide ballot (Proposition 4) that would direct funding for safe drinking water and drought, flood, water resilience, wildfire and forest resilience, sea level rise, extreme heat mitigation, clean air, and protecting biodiversity and promoting nature-based solutions.

Specifically, the bond includes:

- \$3.8 billion for safe drinking water, drought, flood, and water resilience programs.
- \$1.5 billion for wildfire and forest resilience programs.
- \$1.2 billion for coastal resilience programs.
- \$450 million for extreme heat mitigation programs.
- \$1.2 billion for biodiversity protection and nature-based climate solution programs.
- \$300 million for climate-smart, sustainable, and resilient farms, ranches, and working lands programs.
- \$700 million for park creation and outdoor access programs.
- \$850 million for clean air programs.

For water, the \$3.8 billion includes: \$610 million for grants or loans that improve water quality or drinking water reliability; \$386 million for projects related to groundwater storage, banking, or recharge; \$200 million for the Multi-benefit Land Repurposing program for groundwater sustainability projects; \$386 million for grants and projects related to water reuse and recycling; \$75 million for projects under the Water Storage Investment Program; \$62.5 million for capital investments in brackish desalination, contaminant and salt removal, and salinity management; \$15 million for the improvement of water data management and stream gages; \$75 million for regional conveyance projects or repairs; and \$75 million for projects that increase water conservation. Additionally, projects to reduce flood risk and improve stormwater management will receive around \$1.14 billion, which includes \$550 million for flood management projects, \$480 million for Dam Safety and Climate Resilience Local Assistance Programs, and \$110 million for grants for urban storm water management projects.

Our firm supported a State Water Contractors' request to add \$750 million for State Water Project investments, including off-aqueduct storage, renewable energy, and subsidence repair projects. We communicated support for inclusion of SWP funding in both SB 867 and AB 1567. Unfortunately, SWP funding was not included as legislative Democrats identified other spending priorities and compromised among themselves to reduce the size of the final bond proposal from \$16 billion to \$10 billion.

## Making Water Conservation a Way of Life

*– It's important to have a sound idea, but the really important thing is the implementation.<sup>iv</sup>*

The Water Conservation Act of 2009 required a 20% statewide per capita urban water use reduction by 2020. (SBx7 7, Chapter 5, Statutes of 2009) According to the Department of Water Resources (DWR), the state surpassed the 20% reduction and reduced per capita urban water use by 32%. About 97% of urban retail water suppliers (urban suppliers) achieved their targeted 2020 water use reduction.

In 2016, then-Governor Jerry Brown issued Executive Order B-37-16 which established the goal of “making [water] conservation a California way of life” and directed his administration to develop water use targets as part of a permanent long-term water conservation framework.

In 2018, the Legislature passed, and Governor Brown signed, SB 606 (Hertzberg, Chapter 14, Statutes of 2018) and AB 1668 (Friedman, Chapter 15, Statutes of 2018) which established the long-term water conservation framework in law. This framework requires that DWR and the State Water Resources Control Board (SWRCB) work together to develop urban water use conservation or efficiency goals (in this case called urban water use objectives (objectives)) for the roughly 400 urban suppliers that supply water to about 95% of Californians. The urban suppliers must meet their objective, not the individual users that they supply.

In general, DWR was directed to perform studies and investigations and collect data, particularly for outdoor use, and provide recommendations to SWRCB who would then promulgate regulations. The Act required SWRCB to adopt implementing regulations by June 30, 2022.

The Urban Water Use Objective is the sum of the following:

- Indoor residential water use (standard set in statute)
- Outdoor residential water use
- Commercial, industrial, and institutional (CII) outdoor water use with a dedicated irrigation meter
- System water losses (set in an existing SWRCB regulation)

- Any applicable variances to the standards (Applicable variances must be approved by the SWRCB. A variance means an additional volume of water that an urban supplier may request to add to its objective for a unique use that has a material effect on an urban supplier's objective. Variances must meet a certain threshold and may include water used to respond to a state or local emergency, seasonal population fluctuations, and the use of swamp coolers, among others)
- Any bonus incentives (currently direct potable reuse)

The urban supplier must meet the system water loss standard, but otherwise can decide how to meet the overall water use objective based upon local circumstances. The urban supplier is required to calculate their objective, compare it to actual water use, and report how well they are doing to DWR annually. The Act required this reporting to start on January 1, 2024.

The framework also provides for a progressive enforcement authority for the SWRCB focused initially on seeking information from the water supplier and explicitly including provisions to provide technical assistance in order to help the supplier achieve their objective. Starting on January 1, 2024, the 2018 laws authorized the SWRCB to issue an information order to an urban supplier not meeting their objective. One year later, on January 1, 2025, the SWRCB is authorized to issue a written notice. Another year later, on January 1, 2026, the SWRCB is authorized to issue a conservation order. Fines for violating the regulations are authorized after November 1, 2027. An urban supplier that does not meet its objective may be required by the SWRCB to enact policies and programs that result in additional water conservation.

In addition, the framework provided for the Legislative Analyst's Office (LAO) to review implementation of the regulations by January 2024 and instituted multiple requirements for the SWRCB and DWR to inform the Legislature about progress. The regulatory development process to implement water use efficiency requirements was roughly two years behind schedule. SWRCB released the first draft of implementing regulation in August 2023 that proved to be controversial and took an aggressive approach toward implementing outdoor efficient use standards by 2035.

In January 2024, LAO released a review of the first draft of the regulation and was highly critical of them. The Public Policy Institute of California shared many of LAO's concerns. LAO made numerous findings and recommendations including: (1) The proposed regulations were complex and expensive, and water conservation would likely be "modest."; (2) The costs of the regulations might outweigh the benefits—both in aggregate and particularly for individual urban suppliers; (3) There was a potential adverse impact on lower-income customers whose rates were likely to increase; (4) SWRCB goes beyond DWR's recommendations; (5) SWRCB should make variances easier to obtain and reduce the 5% threshold required to obtain a variance, and Legislature should consider self-certification of variances by urban suppliers; (6) Urban suppliers should be able to report on a fiscal or calendar year basis; (7) The separate requirement to comply with system water loss regulations should be removed; (8) Various dates should be extended into the future; (9) Urban suppliers should be allowed

to use SWRCB's objective estimates; (10) DWR should be required to provide more technical assistance; (11) An assessment of design vs performance standards for landscapes should be required; and (12) The 20% buffer for unirrigated residential landscapes should be maintained given data uncertainty.

In March 2024, SWRCB released a second draft of the regulation that addressed a number of the concerns raised by LAO and others. The March 2024 regulatory proposal provided urban suppliers more years and flexibility to comply, which led to criticism for being too lax—including an opinion column written by the authors of SB 606 and AB 1668. The second draft: (1) allowed suppliers to include approved variances and temporary provisions in the calculation of their urban water use objective for five years (rather than one year); (2) delayed applicability of more rigorous outdoor residential water use standards by five years (so more rigorous standards begin July 1, 2035 and July 1, 2040, respectively); (3) permitted suppliers to include a buffer of up to 20% of land that is potentially irrigable, but not actually irrigated, when calculating their outdoor residential use standard; and (4) deleted provisions requiring a ban on non-functional turf by 2025 given the enactment of AB 1572 (Friedman) which banned non-functional turf beginning January 1, 2027.

SWRCB issued a third draft of the regulation on May 20, 2024. This third draft had fewer changes with the more substantive changes pertaining to variances for residential and CII trees and how recycled water use is calculated under the urban water use objective. A fourth draft of the regulation, released on June 14, 2024, included changes such as a “no backsliding” provision put in place in all years; a variance for irrigating existing trees; a larger budget for new, climate-ready trees; and additional changes to improve clarity, consistency, ease of implementation, and more streamlined reporting.

Our firm remained engaged in the work of the Association of California Water Agencies water use efficiency work group to analyze and make recommendations regarding changes to the proposed draft regulation as well as the revised draft regulation.

The adoption of the regulation by the SWRCB on July 3, 2024, means the regulatory requirements will take effect in January 2025.

### *SB 1330 and Related Legislation*

Legislation was introduced this year, in response to the August 2023 draft of the regulation, to enact changes to the “Making Water Conservation a Way of Life” laws based on recommendations made by the LAO in their January 4 report.

Senate Bill 1330, by Senator Bob Archuleta (D-Pico Rivera), was introduced on March 16, 2024, to make substantial changes to the urban water use efficiency framework including moving several dates to reflect the more than 2-year delay in the final adoption of regulations, among other provisions. Specifically, this bill would have:

- 1) For an urban retail water agency not meeting its urban water use objective, delayed by two years the dates on which the SWRCB may issue certain corrective orders, as follows: an informational order, from January 1, 2024, to January 1, 2026; a written warning, from January 1, 2025, to January 1, 2027; and a conservation order, from January 1, 2026, to January 1, 2028.
- 2) Delayed potential penalties of \$1,000 per day and \$10,000 per day during droughts for violations of urban water use objective regulations, from November 1, 2027, to November 1, 2029.
- 3) Required DWR to analyze water efficiency performance of newly constructed residential landscapes and CII landscapes and recommend, if appropriate, a new standard for existing residential landscapes and CII landscapes for SWRCB to adopt in regulations.
- 4) Required DWR to update the methodology for calculating residential and CII landscape areas, if necessary, and to measure landscape area within each urban retail water supplier's service area by January 1, 2028, with updates every five years thereafter, and post landscape area measurements (LAM) on its website, with LAM including tree canopy coverage data no later than January 1, 2039.
- 5) Specified details on including aggregate indoor and outdoor residential use when calculating urban water use objectives, and required 2026 reports to DWR to describe demand management measures to achieve urban water use objectives.
- 6) Required LAO to report to the Legislature by January 10, 2029, evaluating the implementation of the urban water use objective standards and water use reporting.
- 7) Required SWRCB to adopt emergency regulations to implement this bill.

The bill was amended four times throughout the legislative session to reflect the SWRCB release of the evolving drafts of the regulation and legislative committee input.

DWA supported SB 1330 as the bill would provide flexibility for all state agencies and urban water suppliers regarding the ongoing implementation of water use efficiency actions by making necessary changes to the urban water use objective statute to accommodate delays, make changes recommended by the LAO and save costs. The Agency maintained that the bill's requirement that DWR determine irrigable landscape areas will "relieve suppliers, many of which serve disadvantaged communities, from the burden of measuring landscapes and also should result in a reduction in future General Fund expenditures by changing from an annual calculation to at least a once in a decade calculation."

The bill was sponsored by Rowland Water District, Walnut Valley Water District, and Bellflower Somerset Mutual Water Company, which our firm also represents. The legislation enjoyed the support of the Association of California Water Agencies, California Water Association, League of California Cities, and California Municipal

Utilities Association. Despite bipartisan support in the Senate, passing the floor 39 – 0 with one senator not voting, SB 1330 died in the Assembly Appropriations Committee after it was held on the committee’s suspense file on August 15, 2024.

The Agency approved and maintained a “watch” position on two other related bills:

- SB 1110 (Ashby) to require the state board, in determining whether to issue an informational order or conservation order, to also consider "lower cost actions the water supplier has implemented or will implement in order to help the water supplier achieve overall water supply resiliency."

DWA approved a “watch” position on SB 1110 as the goal of the legislation was unclear to the Agency given that existing law already provides flexibility for the supplier to achieve the urban water use objective and does not address whether actions the supplier implements are higher cost or lower cost actions. The bill was progressively amended to instead, similarly to AB 1330, authorize the SWRCB to adopt a policy to guide its enforcement of urban water use objective regulations; delay enforcement of the objectives by two years; consolidate reporting on urban water use; and allow water agencies to report on a calendar or fiscal year basis.

The bill was sponsored by the Regional Water Authority. Similar to AB 1330, the bill died in Assembly Appropriations after being held on the committee’s Suspense File on August 15.

- AB 3121 (Hart) to delay by one year each of the dates on which SWRCB may begin issuing orders to enforce the urban water use objective and requires the LAO to report to the Legislature on implementation of the urban water use objective by January 10, 2028.

DWA approved a “watch” position on this measure, as moving compliance and enforcement deadlines by one year would not match up with the 2-year delay between the 2018 law deadline for the state board to adopt regulations. The bill was amended on June 12 to delay the board’s enforcement authority by two years. The bill was subsequently gutted and amended on August 28, 2024, to instead relate to a self-generation incentive program.

### Legislation of Interest to the Agency

— *“Men do not make laws. They do but discover them. Laws must be justified by something more than the will of the majority. They must rest on the eternal foundation of righteousness.”*<sup>v</sup>

Following the review and approval of legislative positions by Agency staff and the Board of Directors, our firm actively monitored and engaged in direct lobbying on over 50 bills this year. The super-majority status for Democrats in the Legislature makes it particularly challenging to block or amend legislation. We are quick to note that the same would be true if the Republican Party held a super-majority status. Advocacy at



the policy committee level becomes ever more important in terms of shaping the policy provisions of legislation, and it has always been a key part of our approach to advocacy in Sacramento to establish sound working relationships with policy committee consultants. In challenging fiscal years, we rely heavily on the respective Appropriations Committees to hold onto expensive, but lower priority legislation. Governor Newsom, of course, is the ultimate determiner of legislative success and he has become more skeptical of legislation that would increase state costs that has not already been accounted for in the state budget.

Below, we highlight some of the more impactful legislation on which our firm was active this year.

### *2023 Water Rights Legislation*

Efforts to oppose radical changes to California's water system continued to prove successful. Three bills were introduced in 2023 — AB 460 (Bauer-Kahan), AB 1337 (Wicks), and SB 389 (Allen) — which represented a package of water legislation based on recommendations contained in a 2021 white paper sponsored by the Planning and Conservation League (PCL) titled "*Updating California Water Laws to Address Drought and Climate Change*".

DWA opposed all three bills. Joining a coalition that consisted of business properties associations, the California State Association of Counties, the Association of California Water Agencies, the California Municipal Utilities Association, several other water districts, and building associations, (collectively referred to in this section as "Coalition"), our firm continuously engaged legislators and legislative staff as the bills moved through the legislative process, aiming to halt their progress at every step or secure amendments that were offered by the Coalition.

DWA removed its opposition to SB 389 on July 6, 2023, after the bill was amended to reflect a compromise reached between the Senator, bill sponsors, and opponents which addressed concerns with the legislation. Governor Newsom signed SB 389 into law on October 8, 2023 (Chapter 486, Statutes of 2023).

Assembly Members Bauer-Kahan (D-Orinda) and Wicks (D-Oakland), however, were more resistant to amendments. Because of this, our firm and the Coalition focused on stopping progress on both bills in the Senate Natural Resources and Water Committee. Both bills became two-year bills after opponents successfully secured commitments from all Republican, and three Democratic, members of the Committee to either abstain or oppose the bills.

This year our firm continued work with opposition interests to monitor activity on the two bills and work with ACWA and CMUA to engage the authors in discussions as the 2024 deadline for action approached.

### *Assembly Bill 460*

Current law authorizes the State Water Board (Board) to investigate all watercourses, take testimony relating to the rights to water or the use of water, and ascertain whether water filed upon or attempted to be appropriated is appropriated under the laws of the state. The Board also has the authority to take appropriate actions to prevent waste or unreasonable use of water. Current law authorizes any party aggrieved by any decision or order of the Board to file a petition for a writ of mandate for judicial review of the decision or order. Current law requires a court to exercise its independent judgment on the evidence in any case involving the judicial review of certain cease and desist orders issued by the Board and in any other case in which the court is authorized by law to exercise its independent judgment on the evidence.

As introduced in 2023, AB 460 would have authorized the Board to issue, on its own motion or upon the petition of an interested party, an interim relief order to implement or enforce constitutional law, common law, and statutes regarding waste and unreasonable use, the public trust doctrine, and water quality objectives. The bill would have provided that a person or entity that violates any interim relief order issued by the Board would be liable to the Board for a civil penalty. The bill would have required an aggrieved party to file a petition for reconsideration with the Board to exhaust the party's administrative remedies before filing an action for judicial review of the Board's decision or order. The bill would have required the scope of review of a Board decision or order regarding interim relief to be the same as for a court of appeal review of a superior court decision granting or denying a preliminary injunction. The bill would have generally prohibited a legal or equitable process from issuing in any proceeding in a court against the Board to review, prevent, or enjoin certain adjudicative proceedings or a decision or order of the Board before a final decision or order of the Board is issued.

According to Assembly Member Rebecca Bauer-Kahan (D-Orinda), the intent behind the bill is to give the State Water Board an additional tool to enforce existing law and enhance penalties to deter unlawful behavior. The Agency, along with the rest of the opposition coalition, argued against AB 460 stating that the bill was overly broad, significantly expanding the Board's existing enforcement authority, thus presenting a threat to law-abiding water right holders and water supply reliability; as well as raising several procedural issues and concerns.

Assembly Member Bauer-Kahan amended AB 460 in June to narrow the bill's scope, focusing on increasing the penalties for illegal diversions, which reflected opposition amendments proposed in 2023. Specifically, the bill would enact the following:

- 1) Beginning January 1, 2025, requires the SWRCB to annually adjust all civil and administrative liabilities or penalties related to water rights administration that are imposed by the Board for inflation.
- 2) Increases the penalty for a person who violates certain cease and desist orders issued by the SWRCB from \$1,000 to \$2,500 per day the violation occurs.

- 3) Increases the civil penalty to not to exceed \$1,000 from \$500 for each day the violation occurs for a person or entity who violates a term or condition of a permit, license, certification or registration issued by the Board; an order or regulation adopted by the Board; or a condition or reporting requirement for the diversion of floodwaters for groundwater recharge.
- 4) Provides that if the violation is of a regulation or order adopted by SWRCB that constitutes the diversion of water contrary to a curtailment order the person or entity may be liable for an additional \$10,000 for each day the violation occurs and \$2,500 for each acre-foot of water diverted in violation of the curtailment order.

With these amendments, several members of the Coalition, including DWA, removed opposition on the bill. AB 460 passed the Senate Floor on a 38-2 vote, and the Assembly concurred on the Senate Amendments with a 65-5 vote. Governor Newsom signed AB 460 into law on September 22. (Chapter 342; Statutes of 2024)

### *Assembly Bill 1337*

Under existing law, the diversion or use of water other than that authorized by specified provisions of law is a trespass. Existing law authorizes the Board to adopt emergency regulations if, among other things, the regulations are adopted to prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter's priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports. Existing law also authorizes the Board to issue a cease-and-desist order against a person who is violating, or threatening to violate, certain requirements relating to water use.

AB 1337 would authorize the Board to issue a curtailment order for any diversion, regardless of basis of right, when water is not available under the diverter's priority of right. Specifically, the bill would: (1) require the Board to adopt regulations governing implementation of curtailment orders; (2) authorize the Board to issue a cease-and-desist order when a water right holder fails to curtail diversions when water is unavailable under the water right holder's priority of right; and (3) expand the instances when unauthorized diversion or use of water is considered a trespass.

The Agency, along with the rest of the opposition coalition, argued that AB 1337 would essentially hand the State Water Board unfettered authority to control water as it sees fit. The Board's use of curtailments to deal with water shortages during drought is a relatively new occurrence. With this unprecedented statutory authority, the Board would be able to curtail the legal diversion or use of water under any claim of right during any water year—even during years when the state receives record amounts of precipitation. There are also limited guardrails or guidance in the bill for how the Board would implement curtailments under the authority provided in this bill.

Curtailments have significant ramifications that extend far beyond the water right holders themselves. For example, the resulting reduction in anticipated water supply can disrupt agriculture, industry, and other water-dependent sectors, leading to job losses, revenue declines, and other economic hardships. Additionally, curtailment orders can disproportionately impact small and disadvantaged water users who may lack the resources to adapt to changing water conditions. Because of their effects, curtailments have historically—and should continue to be—reserved for use only during emergency drought conditions. By limiting curtailment to the most severe and urgent water shortages, the Board can ensure that this tool is used only when necessary and that its impacts are mitigated. Under AB 1337, curtailments could become an every-year water management tool, which would be an unnecessary task for the Board and threaten to create chaos in the way water is managed, diverted, and used.

ACWA and CMUA took the lead in engaging the author and her staff this year in an effort to achieve a compromise similar to that which was achieved for AB 460. In the end, however, an agreement was not reached and AB 1337 died in the Senate after failing to pass the July 3, 2024, deadline for policy committees to meet and report bills.

### California Public Records Act

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. The act prohibits a state or local agency from posting the home address or telephone number of any elected or appointed official on the internet without first obtaining the written permission of that individual.

Assembly Bill 1785, by Assembly Member Blanca Pacheco (D-Downey) would instead prohibit a state or local agency from publicly posting the home address, telephone number, or both the name and assessor parcel number associated with the home address of any elected or appointed official on the internet without first obtaining the written permission of that individual. The bill defines “publicly post” to mean intentionally communicating or otherwise making available the information on the internet in an unrestricted and publicly available manner. The bill specifies that its provisions do not prohibit a state or local agency from publicly posting a legally required notice or publication of an elected or appointed official on the internet.

The California Judges Association, the sponsor of the bill, stated that they have discovered that certain county recorder’s websites are linking elected and appointed officials’ personal information through the county recorders’ and county assessors’ online databases, which can be used to discern the home address of an elected or appointed official. The author noted that the bill was necessary due to rising threats of violence against elected and appointed officials, and their family members nationwide, and that it would close a “loophole” in existing law.

DWA held a support position on AB 1785, agreeing with the author that by closing the loophole, the privacy of an elected or appointed official can be properly maintained. The

bill enjoyed bipartisan support throughout the legislative process, easily passing both the Assembly and the Senate with zero “NO” votes.

Governor Newsom signed AB 1785 into law on September 25. (Chapter 551; Statutes of 2024)

### *Housing Development and the Mitigation Fee Act*

Housing affordability remained a top concern among legislators this year, several of whom sought to tackle the issue by bringing down the cost of housing production. Several bills were introduced concerning the Mitigation Fee Act, citing studies conducted by the Turner Center for Housing Innovation at the University of California, Berkeley, that pointed to local agency fees as contributory to rising costs of housing, including: Assembly Bill 1820, by Assembly Member Pilar Schiavo (D-Chatsworth); Senate Bill 937, by Senator Scott Wiener (D-San Francisco); and Senate Bill 1210, by Senator Nancy Skinner (D-Berkeley).

The Mitigation Fee Act governs the imposition, collection, and use of impact fees collected by local governments when reviewing and approving development proposals. The Act plays a crucial role in ensuring that new developments contribute to the cost of expanding and maintaining public infrastructure and services, while also providing a legal framework to ensure that fees are fair, transparent, and directly related to the impacts of the development.

DWA initially opposed all three of these bills, as they did not consider the far-reaching impacts that changes to Mitigation Fee Act would have on the ability of the Agency to impose connection fees and capacity charges. Significant limitations on existing authority could shift the burden of infrastructure expansion to existing customers resulting in significant rate impacts.

### *Assembly Bill 1820*

AB 1820 would authorize a development proponent that submits a preliminary application for a housing development project to request a preliminary fee and exaction estimate and would require a local agency to provide the estimate within 10 business days of the preliminary application submission. The bill would also require a public agency that determines an application for a housing development project is complete to provide the development proponent with an itemized list and total sum amount of all fees and exactions that will apply to the project within 10 days of a determination of completeness transmitted to the applicant.

The bill was amended on February 20 to additionally clarify that its provisions are not be construed as imposing any obligation on any entity, including a development proponent, other than a city, county, or special district, and require a request from the city or county for the total amount of fees and exactions associated with a proposed housing development project to clearly state that the request does not create any obligation to

respond, and that the development proponent will not be subjected to any consequences for not responding or for the content of a response.

The bill would include within the definition of a “fee,” Chapter 7 of the Mitigation Fee Act, which includes fees for water and sewer connections, and capacity charges.

The bill was sponsored by the San Francisco Bay Area Planning and Urban Research Association (SPUR) which argued that the measure would “provide developers financial certainty and predictability when estimating the cost of local development impact fees on proposed housing projects.” The author cited a 2018 study conducted by the Turner Center for Housing Innovation at the University of California, Berkeley, which found that fees and exactions amount to up to 18 percent of the median home price, that they are difficult to estimate, and that they continue to rise in California.

DWA took an oppose position on AB 1820 unless amended to delete “special districts” from the provisions of the bill, as well as Chapter 7 (commencing with Section 66012) of the Mitigation Fee Act from the definition of “fee.”

These fees are typically assessed upon receiving an application for a new service connection. Connection and capacity fees are based on the cost of providing service, which includes various factors such as the cost of infrastructure to service new developments and procuring water supplies. Water and wastewater agencies do not possess land use authority; do not receive the applications for housing development projects; and do not determine if an application is complete. These are all submitted to a city or a county. Additionally, preliminary applications and applications submitted to cities and counties would not provide the information special districts would need to calculate the water or sewer connection fees and capacity charges; thus, providing a final cost of the fees once an application is deemed complete by the city or county would not be feasible. Though some agencies with land use authority that provide utility services may be better equipped to abide by the provisions of this bill, the lack of necessary information from the preliminary applications would still make it problematic for these agencies to calculate connection and capacity fees.

The bill was amended on April 1, 2024, to remove from the definition of “fee” for the purposes of the bill Chapter 7 of the Mitigation Fee Act, addressing the Agency’s concerns with the measure. The bill would instead require a city, county, or special district to provide to a development proponent, upon request, a fee schedule for water and sewer connection fees and capacity charges or for the cost of providing electrical or gas service from a local publicly owned utility.

Based on this amendment, DWA removed its opposition to the bill moving to a “watch” position. AB 1820 passed the Assembly and Senate almost unanimously. Governor signed the bill into law on September 22. (Chapter 358, Statutes of 2024)

*Senate Bill 937*

SB 937 would specify that water districts and sanitation districts are included in the definition of a local agency for the purposes of the Mitigation Fee Act. The bill would: (1) prohibit a local agency from requiring the payment of fees or charges until the date the certificate of occupancy is issued; (2) prohibit the local agency from charging interest or other fees on any amount deferred; and (3) remove the authorization for a local agency to require the payment sooner if the fees or charges are to reimburse the local agency for expenditures previously made.

The Mitigation Fee Act regulates fees for development projects and fees for specific purposes, including water and sewer connection fees. For water and sewer connection fees and capacity charges, the Act requires that the fees or charges not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed. These fees or charges are not subject to the specified provisions of the Act applicable to development projects. SB 937 would remove this exemption.

According to the author, deferring fees will strike a balance between the developer and local government, providing flexibility for the project while ensuring local services remain funded.

DWA opposed SB 937 as the bill would place the burden of costs to service new developments on the existing customers of a local agency—far from the balanced approach the author purported. The Agency argued the bill was highly problematic since water service must be provided before the construction of residential dwelling units or commercial buildings. By prohibiting local agencies from requiring the payment of fees or from charging interest or other fees on amounts deferred, the bill essentially forces local agencies to carry the cost burden of serving a proposed subdivision well before any revenue is received for the facilities—possibly for many years after approval of a final map and initiation of required water and wastewater infrastructure.

The Senate Local Government Committee agreed with this assessment in their analysis, stating: “Local agencies lose the certainty of receiving fee revenue earlier on in process to begin infrastructure plans. This revenue could trickle in more slowly since SB 937 only allows them to receive pro rata payments when a certain percent of units receive their certificate of occupancy and lump-sum payments when all the units receive their certificate of occupancy. For large projects that have many different phases, local agencies may have to wait years before the developer requests a certificate of occupancy for particular portions of the project. SB 937 also prohibits local agencies from charging interest on these fee deferrals.”

Further, by requiring local agencies to comply with specified requirements when imposing fees, extractions, or charges as a condition of approval of a proposed development project, the bill would impose a state-mandated local program. SB 937, however, provides that the state does not have to reimburse local agencies because local agencies have the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by the bill. How such fees would be imposed given the provisions of the bill is unclear.

On April 1, 2024, the bill was amended to resolve DWA's concerns by removing water districts and sanitation districts from the definition of "local agency" and water and sewer connection fees and capacity charges from the bill provisions. Based on this amendment, DWA removed its opposition to the bill moving to a "watch".

The bill, which would limit the collection of some developer fees (those assessed under the Mitigation Fee Act, GC Chapter 5, Section 66000) until a certificate of occupancy is issued by the land use agency, was amended on August 22 to include language that attempted to clarify which fees could be collected on an up-front basis for new development. These substantive changes constituted a significant deviation from previous negotiated language that sought to address concerns about utility connection and capacity fees and had the opposite effect of imposing new conditions on the collection of connection and capacity fees in the Mitigation Fee Act.

Based on this amendment, DWA established its oppose position on the legislation arguing that the new conditions outlined in Government Code Chapter 5, Section 66007, would impose new and conflicting conditions for how and when utilities can collect water and sewer connection and capacity fees, in a code section that regulates a different and distinct type of fees for new development that are imposed by a land use authority. These new conditions, in this particular code section, could be interpreted as a new legal standard that would undermine and directly conflict with existing caselaw (*Capistrano Beach Water Dist. v. Taj Development Corp. (1999) 72 Cal.App.4th 524, 530*) and Government Code Section 66013, which is the operative statute governing the collection of connection and capacity fees – or "fees for specific purposes." The Agency argued that if signed, this new section could create significant uncertainty about which Section is the operative statute and if indeed it was the intent of the Legislature to intermingle connection and capacity fees with fees imposed by a land use agency under the Mitigation Fee Act.

Despite these concerns, SB 937 passed the Senate 36-0 and the Assembly 63–1. Governor Newsom signed the bill into law on September 19. (Chapter 290, Statutes of 2024)

### *Senate Bill 1210*

Upon introduction, SB 1210 would, for new housing construction, prohibit a connection, capacity, or other point of connection charge from a public utility or a special district, including a municipal utility district, for electrical, gas, sewer, or water service from exceeding 1% of the reported building permit value of that housing unit. The bill would require a public utility or special district to issue an above-described charge over a period of at least 10 years commencing on the date when the housing unit is first occupied. Additionally, the bill would also require a public utility or special district to prioritize the processing, approval, scheduling, and completion of electrical, gas, sewer, and water service connections to new housing construction over the processing, approval, scheduling, and completion of service connections to all other structures.



DWA opposed SB 1210 as the bill would negatively impact the financial condition of the Agency. By requiring the Agency to impose a connection fee or capacity charge over at least a 10-year period from the date when the housing unit is first occupied, SB 1210 places the burden of serving new housing on existing property owners and customers. Further, if a housing unit is sold before the expiration of the 10-year period, the subsequent owner of the housing unit is then responsible for continuing to pay the charge over the remainder of that period, placing the burden of paying off the fee on the new property owner. The legislation lacked provisions regarding enforceable conditions for subsequent property owners (or mortgage holders) and procedures for collecting payments from property owners (annual payment directly to the special district, inclusion in escrow payments, inclusion on property tax bill). The Agency argued that although the stated goal of the bill was to help lower the overall cost and increase the affordability of housing, there is no guarantee that the market price of a new home will even reflect the fact that a connection fee or capacity charge was not paid by the developer.

On April 9, 2024, the bill was gutted and amended to instead require, for new housing construction, on or before January 1, 2026, that each utility publicly post on its internet website (1) the schedule of fees for a service connection, capacity, or other point of connection charge for each housing development type, and (2) the estimated timeframes for completing typical service connections needed for each housing development type. The Agency removed its opposition to the bill, effectively moving to a “watch” position, based on this amendment.

SB 1210 passed the Senate 33–5 and the Assembly 60–2. Governor Newsom signed the bill into law on September 27. (Chapter 787; Statutes of 2024)

### Proposition 218 Legislation

Approved by voters in 1996, Proposition 218 (Prop. 218) set forth both procedural and substantive requirements for the imposition of property-related fees. For water agencies, Prop. 218 dictates the procedures that a water district must use when setting water and sewer rates.

Before a local government can charge a new property-related fee, or increase an existing one, Prop. 218 requires local officials to: (a) identify the parcels to be charged; (b) calculate the fee for each parcel; (c) notify the parcels’ owners in writing about the fees and the hearing; (d) hold a public hearing to consider and count protests; and (e) abandon the fees if a majority of the parcels’ owners protest. New, increased, or extended property-related fees generally require voter approval by one of the following: a majority-vote of the affected property owners; two-thirds registered voter approval; or weighted ballot approval by the affected property owners.

Fees or charges for property related services cannot exceed the proportional cost of providing service to the parcel and must be used only for the purposes for which they

were collected. Property-related fees must also only fund services actually used by or immediately available to the property owner, not based on potential or future use. Finally, Prop. 218 prohibits local governments from imposing property-related fees or charges for general governmental services—including fire, police, ambulance, or library services—if the service is available to the public at large in substantially the same manner as it is to property owners. Water, sewer, and refuse collection services are exempt from Prop. 218’s voter approval requirements, but must meet all other procedural and substantive requirements, including the requirement to hold a protest hearing not less than 45 days after mailing a notice of new or increased rates to affected property owners. If a majority protest the fee, based on the proportional obligation of the affected property, then the local agency cannot impose the fee.

This year saw the introduction of bills pertaining to water suppliers and Prop. 218. These include: AB 1827, by Assembly Member Diane Papan (D-San Mateo); AB 2257, by Assembly Member Lori Wilson (D-Fairfield); and SB 1072, by Senator Stephen Padilla (D-San Diego).

### *Assembly Bill 1827*

This bill makes changes to the Proposition 218 Implementation Act by providing that fees or charges for property-related water services imposed or increased may include the incrementally higher costs of water service due to the higher water usage demand of parcels, the maximum potential water use, projected peak water usage, or any combination of the three. This bill also specifies that the incrementally higher costs of water service, as specified, may be allocated among customer classes, within customer classes, or both, based on meter size or peaking factors. Lastly, this bill would declare that these provisions are declaratory of existing law. The California Coastkeeper Alliance and Irvine Ranch Water District are the sponsors of this bill.

The bill is a response to a court ruling related to budget-based rates. In 2015, *Capistrano Taxpayers Association v City of San Juan Capistrano* (2015) 235 Cal.App.4th 1493, the court ruled that the City’s water pricing violated the constitutional requirement that fees not exceed the proportional cost of the service attributable to the parcel. *“This is not to say City Water must calculate a rate for 225 Elm Street and then calculate another for the house across the street at 226. Neither the voters nor the Constitution say anything we can find that would prohibit tiered pricing,”* the court stated. *“And, we emphasize, there is nothing at all in subdivision (b)(3) or elsewhere in Proposition 218 that prevents water agencies from passing on the incrementally higher costs of expensive water to incrementally higher users.”* The court also noted that *“...we see nothing in article XIII, section 6, subdivision (b)(3) of the California Constitution that is incompatible with water agencies passing on the true, marginal cost of water to those consumers whose extra use of water forces water agencies to incur higher costs to supply that extra water.”*

According to the author, the bill would “affirm that existing law allows water suppliers to use reasonable and well-accepted methods of assessing the incremental costs

associated with higher water usage demands to high water users; thereby confirming what Proposition 218 requires for water rates and charges.”

The Association of California Water Agencies (ACWA) supported AB 1827, however, DWA opted to maintain a “watch” or neutral position on the bill as it seemed to restate the holding in the *City of San Juan Capistrano* decision without a clear need for doing so.

The bill passed both houses of the Legislature largely along party lines. The bill passed the Assembly 55–15; and the Senate 30–9. Governor Newsom signed AB 1827 into law on September 22. (Chapter 359, Statutes of 2024)

### *Assembly Bill 2257*

This bill would amend the Proposition 218 Implementation Act to prohibit, if a local agency has complied with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with constitutional provisions for any new, increased, or extended fee or assessment, unless the person or entity has timely submitted to the local agency a written objection to the fee or assessment that specifies the grounds for alleging noncompliance. In other words, the bill creates an exhaustion of remedies procedure for Prop. 218 property-related water or sewer fees, charges, and assessments, limiting judicial actions available to claimants if the local agency goes through the specified process. The Association of California Water Agencies (ACWA) is the sponsor of this legislation.

In the *Planter v. Ramona Municipal Water District* (2019), the California Supreme Court held that when an agency considers increasing a property-related fee, the fee payor challenging the method of fee allocation need not exhaust administrative remedies by participating in a Prop. 218 hearing that addresses only a proposed rate increase. The water district argued that the plaintiffs should have been barred from bringing suit because they had the opportunity to raise their challenges during the district’s Prop. 218 hearings but failed to participate. Though the trial court found that the district’s Prop. 218 hearings exhausted the administrative remedy, the Court of Appeals reversed this decision, holding that the plaintiffs were not required to participate in the hearings to challenge the district’s methodology. The appellate court reasoned that the hearings were about raising rates, not the allocation method, and thus the district could not have changed its allocation method even if the plaintiffs objected to it at the hearing. The California Supreme Court affirmed the appellate court decision and explained that a remedy is only adequate if it establishes a clearly defined machinery for the submission, evaluation, and resolution of complaints by the aggrieved parties. Since the hearing was limited to the rate increase and did not encompass the district’s methodology, the Court found that the plaintiffs could not obtain an adequate remedy by participating.

Prop. 218 does not provide a requirement to exhaust administrative remedies as none are provided in the constitutional provisions. Instead, property owners are provided an opportunity to protest the proposed imposition of a property-related fee or charge.

ACWA noted that Prop. 218 litigation were often filed without first having raised concerns with the public agency during the public notice and comment process leading up to the decision to adopt rates or assessments. Thus, *“when litigants avoid raising concerns with proposed rates or assessments during the ratemaking process, the public agencies cannot endeavor to resolve the dispute and avoid litigation.”*

The exhaustion of remedies principle is a fundamental concept of administrative law governing the relationship between agencies and courts. It requires individuals to raise concerns about proposed agency actions to the agencies themselves, in the first instance, rather than to the courts.

DWA supported AB 2257 as the bill would establish a clearer and more balanced process for local agencies to communicate an opportunity for property owners to submit written objections to a proposed fee or charge through an administrative review process, provide property owners the opportunity to identify concerns with the proposed fee or charge in a timely manner, enable local agencies to correct deficiencies, if any, and hopefully avoid litigation following governing body action regarding imposing or increasing property-related fees and charges.

AB 2257 passed the Assembly 52–12, and the Senate 29–11. The bill was signed into law on September 25. (Chapter 561; Statutes of 2024)

#### *Senate Bill 1072*

This legislation would provide that if a property-related fee or charge creates revenues in excess of the local government’s reasonable cost of providing the specific benefit or specific government service, thereby violating Prop. 218, that the excess revenues be used only to reduce the subsequently adopted and following property-related fee or charge. The bill would declare that this provision is declaratory of existing law. This legislation would add a provision to the Proposition 218 Implementation Act, which contains statutory enactments intended to interpret Proposition 218.

No part of Prop. 218 provides for a refund, nor does any published case from the judiciary. It is unclear if silence as to the remedy for imposition of an unreasonable fee or charge allows for interpretation that would preclude the issuance of a refund. Writs of mandate, declaratory relief, and injunctive relief – which direct a public agency to change their rates in the future - are the remedies courts have imposed for violations of Prop. 218. In contrast, new class-action lawsuits have sought multi-million-dollar refunds, which, if ordered by a court, would harm the financial position of most local agencies that do not retain large unrestricted financial reserves.

The bill will significantly help agencies maintain predictable rates for water, sewer, and refuse collection services by making it clear in the Government Code that refunds are prohibited except when explicitly provided for in law, or in the case of billing errors. The bill is sponsored by the City of San Diego and the Otay Water District, both of which have faced recent litigation relating to Prop. 218.

DWA held a support position on SB 1072, joining several other agencies to form a coalition advocating for the enactment of the bill. SB 1072 passed the Senate 31–5, and the Assembly 59–13. Governor Newsom signed the bill into law on September 20. (Chapter 323; Statutes of 2024)

### *Water Rate Assistance Program (WRAP)*

Current law establishes the Safe and Affordable Drinking Water Fund (Fund) in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Current law requires the State Water Board to annually adopt a fund expenditure plan and requires expenditures from the fund to be consistent with the fund expenditure plan. Current law requires the State Water Board to base the fund expenditure plan on data and analysis drawn from a specified drinking water needs assessment.

Upon its introduction, Senate Bill 1255, by Senator Maria Elena Durazo (D-Los Angeles), would require the State Water Board to develop a needs analysis of the state's public water systems on or before May 1, 2025, and on or before May 1 of each year thereafter.

Later in the year, however, the bill was amended to require the State Water Board, in consultation with an advisory group and stakeholders, to assess the funds necessary for providing a 20-percent bill credit to low-income households served by community water systems with fewer than 3,300 service connections. This assessment is to be completed by July 1, 2026, and every three years thereafter.

The bill would also require retail water suppliers serving over 3,300 residential connections (qualified systems), among other provisions, to establish a water rate assistance program (WRAP) by July 1, 2027. The WRAP to be offered pursuant to this bill, at a minimum, must include both of the following: (1) Automatic enrollment of eligible ratepayers in the WRAP if available information indicates that they are qualified to receive assistance and provide a water bill credit; and (2) A provision of a bill credit for eligible ratepayers of no less than 20% of the total water charges, and, if present on the bill, wastewater charges, for a volume of water similar to that identified in urban water use objectives law (currently 47 gallons per capita daily for indoor residential water) or, if the eligible ratepayer uses less, the actual volume used. If the qualified system does not have sufficient funds to provide a \$20% credit, it must provide the maximum affordable bill credit.

To fund the water rate assistance program, a qualified system would be required to, on or before September 1, 2026, establish an opt-out program for collecting voluntary contributions from other ratepayers. A qualified system would be required to recommend a voluntary contribution amount on the bill of each non-qualifying ratepayer at a level intended to raise sufficient funds to run the program. When setting the recommended voluntary contribution, the bill would require the qualified system to

assume that 60% of ratepayers other than eligible ratepayers will provide the contribution.

The bill exempts any qualified system that offers an existing WRAP on or before September 1, 2026, from being required to comply with the provisions of this bill, if the existing program meets the following requirements by July 1, 2027: (1) automatically enrolls residential ratepayers with an annual household income of 200% of the federal poverty line into its program; and (2) Provides a bill credit of at least a 20% of the total water charges, and if included in the bill, wastewater charges.

Though the author's intent behind the bill was commendable, DWA expressed concerns about the workability of the proposal, including, but not limited to, the following provisions:

1. Opt-out Approach to voluntary contributions: While the bill requires water agencies to provide notice, many customers who are on automatic payments may become aware of the additional charge after that charge has been made and seek refunds, thus creating confusion, financial instability for the program, and distrust.
2. Applicability of the bill to wastewater charges: The application of bill credit should be limited to drinking water and not applicable to wastewater charges. There is an equity issue if some customers receive a credit for wastewater charges and some customers (who are billed only for drinking water on the water bill) do not receive that additional credit.
3. Assumptions: The 60-percent participation level assumption is overly optimistic. A 60-percent participation level is an ambitious target that might very well not be met by the other (non-eligible) ratepayers for many systems.
4. Self-Certification: Self-certification should not be allowed method of establishing eligibility, as this option is too susceptible to fraud.
5. Administrative cost section: The proposal to restrict administrative costs to less than or equal to 10 percent of the amount of voluntary contributions beginning July 1, 2027, is not realistic or prudent as no one knows the level of contributions that may be received by the agency.

DWA joined the Association of California Water Agencies (ACWA) in communicating these concerns and requesting amendments to address them. The Department of Finance also opposed the bill as it could result in costs to the Safe Drinking Water Account not included in the budget and additional fee increases to fee payers.

SB 1255 ultimately died in the Assembly Appropriations Committee after being held under submission in the Committee's suspense file on August 15.

### *Groundwater Extraction Permits*

Passed in 2014, the Sustainable Groundwater Management Act (SGMA) provides a comprehensive framework to manage groundwater resources in overdrafted

groundwater basins (i.e., basins deemed high-or medium-priority). To comply with SGMA, local agencies in overdrafted basins had to form groundwater sustainability agencies (GSA) by 2017 and develop groundwater sustainability plans (GSPs) by 2020 or 2022 that will lead to sustainable groundwater management over 20 years. SGMA defines sustainable groundwater management as the avoidance of “undesirable results”. SGMA’s explicit intent is to keep management of groundwater resources at the local level while allowing for state intervention if local agencies are unsuccessful or get off track in meeting their sustainability goals. SGMA also intends for GSAs to have flexibility to address conditions unique to their particular basin and states that it does not alter groundwater rights.

The Department of Water Resources (DWR) estimates there are two million groundwater wells in California at present and indicates that between 7,000 and 15,000 new wells are constructed each year. Permitting for construction, alteration, or destruction of groundwater wells is handled by local enforcement agencies (LEAs); typically this is a county department of environmental health, but cities and water agencies also exercise this authority in some cases. LEAs ensure compliance with well standards set by DWR (in Bulletin 74) before issuing a permit. Some agencies adopted standards for wells that surpass DWR guidelines. Others require the application for a new well to be reviewed by an expert consultant to determine the likelihood of drinking well interference and other impacts. A permitting decision can be either discretionary or ministerial, depending on whether the agency is required to exercise judgment in the approval process. Currently, most groundwater well permits are issued ministerially in compliance with well construction standards that primarily address protections for groundwater quality.

Assembly Bill 2079, by Assembly Member Steve Bennett (D-Ventura) would require a local enforcement agency to perform specified activities at least 30 days before determining whether to approve a permit for a new large-diameter, high-capacity well. The bill would require, upon adoption or amendment of a GSP, the GSA to provide specified information to the local enforcement agency, including, but not limited to, the name of the applicable GSA, the agency manager and contact information, and the applicable sustainable management criteria related to groundwater levels, including the groundwater level measurable objectives and minimum thresholds. AB 2079 would also create statutory restrictions regarding the permitting of certain wells. These restrictions include prohibiting a local enforcement agency from approving wells with a diameter of 8 inches or more, and intended to extract more than 2 acre-feet per year, if that well is in an area with subsidence, or within a quarter mile of a domestic well. DWR was the sponsor of the bill.

According to the Author:

*"SGMA was passed to establish a statewide framework to help protect groundwater basins from over-pumping and have them reach long-term sustainable pumping levels. In March of 2022, the Governor signed Executive Order (EO) N-7-22 to establish new well permitting requirements in order to*

*ensure new wells were evaluated for their impact on neighboring wells and land subsidence. Thousands of wells were permitted, with only a cursory ministerial approval process between the 2014 passage of SGMA and the governor's 2022 [EO]. Thousands of drinking water wells that often times served disadvantage communities went dry during that same period. [DWR] performed an extensive review followed by a thorough report on the implementation and effectiveness of the Governor's [EO]. [This bill] now implements the recommendations from DWR to ensure that new wells are evaluated for their impact on neighboring wells and land subsidence."*

DWA held an oppose unless amended position on AB 2079, noting that the bill would impose a costly unfunded mandate on GSAs that are already experiencing financial challenges in balancing the effects of their regulatory and plan implementation fees imposed on groundwater extractors with paying for the actions necessary to achieve their sustainability goals. For example, the GSP for the Indio subbasin has been approved by DWR and neither subsidence or well interference were identified as deficiencies in the plan. The Agency argued that at a time when GSAs are focused on implementation, AB 2079 would interfere with the regulatory authority granted to GSAs. DWA requested that the bill be amended to limit its applicability to basins subject to critical overdraft.

Our firm, on behalf of DWA, joined an opposition coalition (coalition) that worked on amendments to AB 2079. The coalition consisted of the California State Association of Counties, California Chamber of Commerce, Association of California Water Agencies, agricultural associations, and other water agencies. In April, our firm began communicating directly with Paul Gosselin, DWR's Deputy Director of SGMA, about the bill's shortcomings.

Gosselin stated that the purpose of the bill was to stop subsidence and well interference with small domestic wells and small water systems. Reeb, however, reminded Gosselin that DWR did not have the authority to adopt standards and that subsidence and well interference were not a water quality concern. The nature of SGMA placed local agencies, through GSAs, at the forefront of achieving sustainability. Even if all drilling ceased, this would likely have no effects on water subsidence or well interference. Reeb also argued that the bill could result in adjudication, property rights issues, or affect current water banks. Though Gosselin signaled a willingness to accept amendments, the bill remained problematic through the Assembly, passing both the Water, Parks and Wildlife and Appropriations Committees. The bill eventually passed the Assembly Floor 41-17, with 22 members not voting.

After moving to the Senate, the opposition coalition continued efforts to work with DWR and the Author to amend the bill. Gosselin, however, appeared to be on a mission to pass the bill without further amendments. With this realization, the coalition pivoted to stop the bill in the Senate Natural Resources and Water Committee (SNRW).



The coalition targeted three SNRW Democrats asking them to join Republicans in stopping the bill from moving forward by either abstaining or opposing AB 2079: Senators Melissa Hurtado (D-Sanger), Susan Talamantes Eggman (D-Stockton), and Steve Padilla (D-San Diego). All three joined Republican Senators Seyarto and Meghan Dahle (R-Bieber) in voting against the bill. The bill failed passage on a 5-6 vote, effectively dying in committee.

Reeb noted that the Democratic senators agreed with the opposition's assessment that AB 2079 would interfere with SGMA, which was supported by recent DWR information that demonstrated SGMA working the way it was originally designed. Gosselin, however, appears firm in his belief that the legislation is necessary and indicated interest on continuing conversations on the bill's subject matter before the next session.

### *Water Resiliency Act of 2024*

The California Constitution declares that the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the right to the use of water does not extend to the waste or unreasonable use, method of use, or method of diversion of water.

Assembly Constitutional Amendment 2 (ACA 2) would require the annual transfer of 1.5% of all state revenues from the General Fund to the California Water Resiliency Trust Fund (Fund), which the measure would create. ACA 2 would continuously appropriate moneys in the fund to the California Water Commission (Commission) for its actual costs of implementing these provisions and for all of the following project categories: the development or expansion of groundwater aquifer storage, remediation, and recovery projects; recycling, purification and treatment of stormwater for water reuse, including for drinking water; expansion, repair, or replacement of existing surface reservoirs and construction of new surface reservoirs; desalination plants; water conveyance development, maintenance or expansion; other projects designed to increase clean, safe, and affordable supply of water; and research and development of new technologies in relation to clean, safe, and affordable water supply.

ACA 2 would require the Commission to allocate and provide funding from the fund for part or all of a project, or, where applicable, additional funding in an amount necessary to complete a project, which will begin delivery of water to California's urban and agricultural consumers. The measure would authorize a project funded pursuant to its provisions to elect to be subject to a streamlined review pursuant to the California Environmental Quality Act (CEQA). Additionally ACA 2 would provide that the California State Auditor is to annually conduct a programmatic review and an audit of expenditures from the fund and report those findings.

Similar to constitutional amendments that have previously been approved, such as Proposition 98, ACA 2 would allow state agencies and local agencies to easily access state financial assistance for infrastructure projects regardless of fluctuations in state revenues from year to year. Though this would reduce the flexibility of the Governor and

Legislature to respond to economic downturns and their effects on state revenues, setting aside state revenues for infrastructure on a “pay-as-you-go” basis is more cost effective over time compared to issuing general bonds. Further, by ensuring there is continued funding available for critical infrastructure projects, ACA 2 would ultimately bolster overall climate resilience against the current and future impacts of climate change in the state.

DWA held a support position on ACA 2. The bill was double referred to the Assembly Water Parks and Wildlife Committee and to the Natural Resources Committee. The bill’s hearing in the first committee was canceled in March at the request of the Author. The bill died in the Assembly after failing to meet the August 31 legislative deadline for each house of the Legislature to pass bills.

### *The California Water Plan – Long-Term Supply Targets*

The California Water Plan (Plan) is “the master plan which guides the orderly and coordinated control, protection, conservation, development, management and efficient utilization of the water resources of the state.” As a part of updating the plan every five years, the Department of Water Resources (DWR) is required to include a discussion of various strategies, including those relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, and water transfers that may be used to meet future water needs of the state. Inclusion of a particular project or strategy does not constitute approval of or state financing for said project or strategy without further legislative action. DWR must also conduct, as part of the updating the plan, a study to determine the amount of water needed to meet the state’s future needs and to recommend programs, policies, and facilities to meet those needs. The plan was last updated in 2018 and the next update is currently underway.

Senate Bill 366, by Senator Anna Caballero (D-Merced), would require DWR to coordinate with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and a stakeholder advisory committee to develop a comprehensive plan for addressing the state’s water needs and meeting specified long-term water supply targets established by the bill for purposes of the California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all beneficial uses; and require DWR to update the California Water Plan on or before December 31, 2028 and every five years thereafter. Each update will require the plan to include a discussion of various strategies that may be pursued to meet the water supply targets, and an economic analysis. The bill would also require DWR to submit to the Legislature an annual report between updates to the plan that includes progress made toward meeting the water supply targets once established.

The California Municipal Utilities Association is the sponsor of this legislation.

According to the author and bill sponsor: *“Despite decades of work to improve California’s water system, our infrastructure remains inadequate to meet present needs and is woefully unprepared to meet future needs. [This bill] would establish necessary water supply targets to capture and produce enough water for all uses, including communities, agriculture, and the environment, by modernizing the California Water Plan for a 21st century climate.”*

California has established numerous targets over the last decade, including for renewable energy generation and electric vehicles sales. In August 2022, Governor Newsom released the *“California’s Water Supply Strategy: Adapting to a Hotter, Drier Future,”* the Administration’s blueprint for enabling the state to cope with more extreme droughts, floods, and temperatures while addressing long-standing challenges, such as over-reliance on groundwater and lack of safe drinking water in many communities. The governor released this strategy to address a projected 10% decrease in water supply by 2040 due to climate change. To address this projection, the strategy sets various targets to generate new water supply, reduce demand, and develop additional water shortage.

SB 366 would codify and amplify the governor’s Water Supply Strategy, which admits that the ability to capture water in wet years for use in dry years and to supply water for groundwater recharge will depend on adding surface water and groundwater storage capacity. This is especially important if a warming climate results in more precipitation falling as rain instead of snow—adding surface water storage capacity will be needed to both maintain and increase water supplies.

DWA maintained a support position on SB 366 all through 2023. The bill unanimously passed the Senate before it was sent to the Assembly, where it was referred to the Assembly Water, Parks, and Wildlife Committee. The bill was scheduled to be heard in the Assembly Water Committee on July 11. The hearing was canceled at the request of the author, as the committee was requesting amendments Senator Caballero was not willing to take. The requested amendments included, (1) striking the economic analysis requirement from the bill and instead requiring DWR to analyze the costs of achieving the targets developed under the bill and a cost-benefit analysis of the projects and strategies needed to achieve them; and (2) removing the 2040 interim target and allow DWR to determine whether or not an interim target is necessary and feasible.

The bill then became a two-year bill and remained inactive until April 2024, when Senator Caballero accepted the water committee’s suggested amendments. The committee then further requested that the author take additional amendments to strike references to the “co-equal goals for Delta.” This would include replacing the original interim target requirement with a requirement that DWR include an interim planning target of 9,000,000 acre-feet of additional water, water conservation, or water storage to be achieved by 2040—a target that may be achieved through the development of new or expanded surface or groundwater storage, conservation efforts, or the development of stormwater capture, gray water, recycled water, or other water supplies.

In August, the bill was further amended to instead require the California Water Plan to, among other things, require the DWR to expand the membership of the advisory committee to include tribes, labor, and environmental justice interests. The bill would require DWR, as part of the 2033 plan update, to adjust the interim planning target for 2050. The bill would require the target to consider future water needs for all beneficial uses and ensure safe drinking water for all Californians, among other things. The bill would require the plan to include specified components, including discussions of environmental needs, urban sector water needs, and agricultural water needs, and a discussion of the estimated costs and benefits of any project type or action that is recommended by DWR within the plan that could help achieve the water supply targets. The bill would require DWR to report to the Legislature amendments, supplements, and additions included in the updates of the plan, together with a summary of the DWR's conclusions and recommendations, in the session in which the updated plan is issued. The bill would also require DWR to conduct public workshops to give interested parties an opportunity to comment on the plan.

DWA maintained its support for SB 366 this year, and joined a coalition consisting of other water suppliers, agricultural groups, building associations, manufacturers' groups, and the California Chamber of Commerce.

In letter to sent to legislators in August, the support coalition wrote: *“Given the extreme climate impacts of the 21st century, an expanding economy, a growing population, the anticipated reductions from existing water resources, and the controls on the use of groundwater, California needs to align the state’s water supply strategy and policies with a target that will result in an adequate and reliable water supply for all beneficial uses including the environment, agriculture, the economy, and all Californians.*

SB 366 finally passed the Assembly on a 68–0 vote, with 11 members not voting, on August 26, 2024. The Senate concurred on the Assembly amendments with a 40-0 vote.

Governor Newsom vetoed the measure on September 29 stating, in part:

*“While I appreciate the author’s intent, this bill would create substantial ongoing costs for DWR, the State Water Resources Control Board, and other state agencies and departments to assist in the development of water supply planning targets. A revision to the Plan of this magnitude, that creates such significant costs, must be considered in the context of the annual budget.”*

In his veto message, Newsom also seemed to believe that the state currently has an adequate plan for water management. He stated, in part:

*“My Administration recently released the 2023 Plan to lay out a statewide vision promoting climate resilience across regions, water sectors, and natural and built infrastructure. This Plan update includes clear goals, watershed-based climate*

*resilience planning, and regional and interregional infrastructure modernization strategies.”*

### *The California Public Records Act*

The California Public Records Act requires state and local agencies to make their records available for public inspection. Within 10 days of a request for a copy of records, each agency is required to determine whether the request seeks copies of disclosable public records in possession of the agency and to promptly notify the person of the determination and the reasons therefor. The time limit to this requirement may be extended by no more than 14 days under what existing law defines as “unusual circumstances.”

Under current law, “unusual circumstances” under which initial response to a public request records request may be extended include: (1) The need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request; (2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records that are demanded in a single request; (3) The need for consultation, which shall be conducted with all practicable speed, with another agency having substantial interest in the determination of the request or among two or more components of the agency having substantial subject matter interest therein; (4) The need to compile data, to write programming language or a computer program, or to construct a computer report to extract data.

Senate Bill 1034, by Senator Kelly Seyarto (R-Murrieta), revises the unusual circumstances under which initial response to a public records request may be extended to include the need to search for, collect, and appropriately examine records during a state of emergency proclaimed by the Governor in the jurisdiction where the agency is located when the state of emergency currently affects the agency’s ability to timely respond to requests due to staffing shortages or closure of facilities where the requested records are located. The bill specifies that this provision does not apply to a request for records created during and related to the state of emergency proclaimed by the Governor.

DWA supported SB 1034 as the bill would provide necessary flexibility in state law during a state of emergency. Though there may never be a need for the Agency to extend the period of time provided to respond to a public records act request, the enactment of this legislation could benefit public agencies in the future by reducing litigation risk should the agency require more time to respond to the request.

SB 1034 enjoyed bipartisan support in both houses of the Legislatures, passing the Senate and the Assembly with zero “NO” votes. Governor Newsom signed SB 1034 into law on July 18. (Chapter 161, Statutes of 2024)

## *Flood-flow Diversion for Groundwater Recharge*

In 2023, a series of atmospheric rivers brought record-breaking precipitation, snowpack levels, and flooding to the state. In response, Governor Gavin Newsom issued executive orders authorizing water agencies to divert excess floodflows from rivers and streams to both manage potentially destructive flood damage and for the purposes of groundwater recharge. Executive Orders N-4-23 (flood diversions began before June 1, 2023) and N-7-23 (for flood diversions after June 1, 2023), authorized water agencies to divert excess floodflows for the purposes of groundwater recharge without the need to obtain a water right under specific criteria. Previously a diverter would have had to apply to the State Water Resources Control Board (SWRCB) for a new water right permit or to change an existing water right permit. Between March and August of 2023, 78 diversions of floodflows were conducted for groundwater recharge under the executive orders.

The public resources budget trailer bill for FY2023-24 (SB 122, Chapter 51, Statutes of 2023) provided that the diversion of flood flows for groundwater recharge does not require an appropriative water right if specified conditions regarding the diversion are met, including, among other things, if a local or regional agency that has adopted a local plan of flood control or has considered flood risk as part of its most recently adopted general plan has given notice via its internet website, electronic distribution list, emergency notification service, or another means of public notice, that flows downstream of the point of diversion are at imminent risk of flooding and inundation of land, roads, or structures. The bill provided that these provisions apply only to diversions commenced before January 1, 2029. The bill provided that the state is not liable for flood damages related to actions authorized pursuant to the provisions of SB 122.

Upon introduction, Senate Bill 1390, by Senator Caballero, would extend the application of permits through June 1, 2032, and expand the authority to divert to a local or regional agency that has a county emergency operations plan or a publicly available regional flood plan certified by DWR. This legislation also would expand SB 122 authority beyond where flows would inundate ordinarily dry areas in the bed of a terminal lake to a depth that floods dairies and other ongoing agricultural activities, or areas with substantial residential, commercial, or industrial development. This legislation would authorize the diversion of floodflows where they are projected to inundate ordinarily dry areas.

*According to the author: “SB 1390 is a simple bill that provides clarity to current flood planning requirements and builds on the momentum of SB 122 and the Governor’s Executive Order issued in March of 2023. SB 1390 will allow more groundwater projects to move forward during flood events by providing water agencies with information about when flood conditions begin and end by using sophisticated forecasting models to anticipate flood events, with increased accountability, public safety and water quality.”*

DWA took a “watch” position on SB 1390 upon its introduction in the Senate. The bill, however, was amended in the Assembly to further strike a balance between ensuring opportunities for recharge in the San Joaquin and Sacramento Valley streams while protecting California’s water rights priority system and the federal and state water projects. These amendments, included, but were not limited to:

- 1) Adding a county emergency operations plan (EOP) and a local hazard mitigation plan to the list of plans that a local or regional agency may rely upon to determine there is an imminent risk of flooding to authorize the temporary diversion of floodflows for groundwater recharge.
- 2) Provide that “floodflows” may include measured flows that are “projected” by a local or regional agency to be in excess of the maximum design capacity of a flood project or flows “projected” by a local or regional agency to inundate ordinarily dry areas in the bed of a terminal lake.
- 3) Clarify that “imminent” means conditions that will begin or that are projected to begin within 72 hours.
- 4) Provide that a local or regional agency shall be responsible for determining when flood conditions have abated for purposes of ceasing the temporary diversion of floodflows for groundwater recharge.
- 5) Require a local or regional agency to issue a declaration that flood conditions are projected to end at least 48 hours beforehand to inform the public and diverters. Required a local or regional agency to notify the public and known diverters that flood conditions are abating, within 24 hours of the projected end of flood conditions.
- 6) Provide a local or regional agency may renew a temporary diversion of floodflows for groundwater recharge for an additional 14 days by notifying the State Water Resources Control Board (State Water Board) seven days before the authority to do so expires.
- 7) Provide that floodflows may only be temporarily diverted for groundwater recharge when the Delta is in excess water conditions without restrictions. Requires a diverter exercising the authority to temporarily divert floodflows for groundwater recharge to monitor conditions daily using the Delta Operations Summary published on the Department of Water Resources’ (DWR) website to determine whether the Delta is in excess conditions without restrictions.
- 8) Define “excess water conditions” for purposes of #9, above, as those determined pursuant to the coordinated operation agreement (COA) for the federal Central Valley Project (CVP) and State Water Project (SWP), as amended.
- 9) Define “without restrictions” for purposes of #9, above, as when Delta exports are not constrained by any requirements, including for the protection of water quality and endangered species per COA.

Later amendments also removed the extension of the 2029 sunset date.

In August, DWA took a support position on the bill as its revamped version included important guardrails and protections for the State Water Project and Central Valley Projects water rights priority.

The bill passed the Senate Floor unanimously, with 3 Senators not voting. SB 1390 died on the Assembly Floor after failing to reach the 41 vote threshold needed to pass, with 36 “aye” votes, 2 “no” votes, and 41 members not voting.

## **Upcoming Elections**

— *Politics is not predictions and politics is not observations. Politics is what we do. Politics is what we do, politics is what we create, by what we work for, but what we hope for and what we dare to imagine.*<sup>vi</sup>

All members of the Assembly and one-half of the 40-member State Senate will stand for election this November. Twenty-three Assembly Members (19 Democrats; 4 Republicans) and 11 Senators (9 Democrats; 2 Republicans) will not be seeking reelection. Many are either term-limited or running for other offices.

Locally, Assembly Member Greg Wallis (R-Palm Springs) is running for reelection to represent District 47, which includes Palm Desert and Cathedral City in Riverside County, and Yuca Valley and Joshua Tree in San Bernardino County. He is running against Christy Holstege (D), a businesswoman, city council member, and former mayor of Palm Springs. In 2022, Holstege lost to Wallis by only 85 votes. In the March primaries, Wallis secured 48.6% of the vote against Holstege’s 46.4%. District 47 is considered a swing seat, with voter registration records showing 40% Democrats, 34% Republican, and 18% independents.

After a decade in the Assembly, Assembly Member Eduardo Garcia (D-Coachella) announced that he would be retiring from public office and would not be seeking reelection in District 36. Running for the open seat are Jose "Joey" Acuña (D), a Coachella Valley Unified School Board trustee, and Jeff Gonzalez (R), a local pastor and combat Marine veteran. In the March primaries, Gonzalez secured 35.1% of the vote against Acuña’s 19.9% in what is considered a “safe” democratic district, however, this vote disparity was due to a crowded primary with five Democrats vying for the open seat.

In the Senate, Senator Kelly Seyarto (R-Murietta) is currently in the middle of his four-year term in Senate District 32. However, he will cease to represent the greater Palm Springs area following the November 2024 election as voters will consider candidates in the new Senate District 19, drawn after the 2020 redistricting cycle. SD 19 includes portions of Riverside and San Bernardino Counties including the Cathedral City, Palm Desert, Palm Springs, Rancho Mirage, Twentynine Palms, and Yucaipa, and the towns of Yucca Valley and Apple Valley. This district also consists of the majority of the High Desert communities of San Bernardino County, which share common interests in national parks, recreational activities, and tourism.

Running for the new Senate District 19 are Senator Rosilicie Ochoa Bogh (R-Yucaipa) and Lisa Middleton (D), a Palm Springs city council member. Senator Ochoa Bogh’s former seat, District 23, covered several areas of the new District 19. Ochoa Bogh won



her primary with 53.8% of the vote, while Middleton clinched 46.2%. Overall, the district is deemed a swing seat, with voter registration records showing 36.7% of voters registered Democrat, 35.6% Republican, and 18.7% independent. According to some analysts, enthusiasm among Democrats for Vice President Kamala Harris could lift Middleton and Holstege to victory.

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<sup>i</sup> “A budget tells us what we can't afford, but it doesn't keep us from buying it.” — William Feather

<sup>ii</sup> “People buy into the leader before they buy into the vision.” — John C. Maxwell

<sup>iii</sup> “Resilience, in today's context is definitely not about bouncing back to normal state, it is about accepting and preparing for new realities.” – Arivudai Nambi Apparudai

<sup>iv</sup> “It's important to have a sound idea, but the really important thing is the implementation.” – Wilbur Ross

<sup>v</sup> “Men do not make laws. They do but discover them. Laws must be justified by something more than the will of the majority. They must rest on the eternal foundation of righteousness.” —President Calvin Coolidge

<sup>vi</sup> “Politics is not predictions and politics is not observations. Politics is what we do. Politics is what we do, politics is what we create, by what we work for, but what we hope for and what we dare to imagine.” —Paul Wellstone

DESERT WATER AGENCY  
Financial Highlights  
September 2024

## OPERATING FUND

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### Received

- \$4,644,341 in Water Sales Revenue Receipts
- \$124,734 in Recycled Water Sales Revenue Receipts
- \$37,000 in Construction Deposits
  - Coachella Valley Association of Governments: \$31,500  
Project # 24-7051-M-00 & 24-8052-H-06
  - Debonne Construction, Inc.: \$2,000  
Project # 24-7052-M-00
  - Angelina, Jane & Mike: \$3,500  
Project # 24-7053-M-00
- \$100,000 included in the Miscellaneous Receipts for conservation incentive program participation from Sentinel Energy Center, LLC.

### Paid

- \$1,027,219 in Accounts Payable

### Year to date

- YTD Water Sales are 2% over budget
- YTD Total Revenues are 4% over budget
- YTD Total Expenses are 21% under budget

### Active Potable Water Accounts

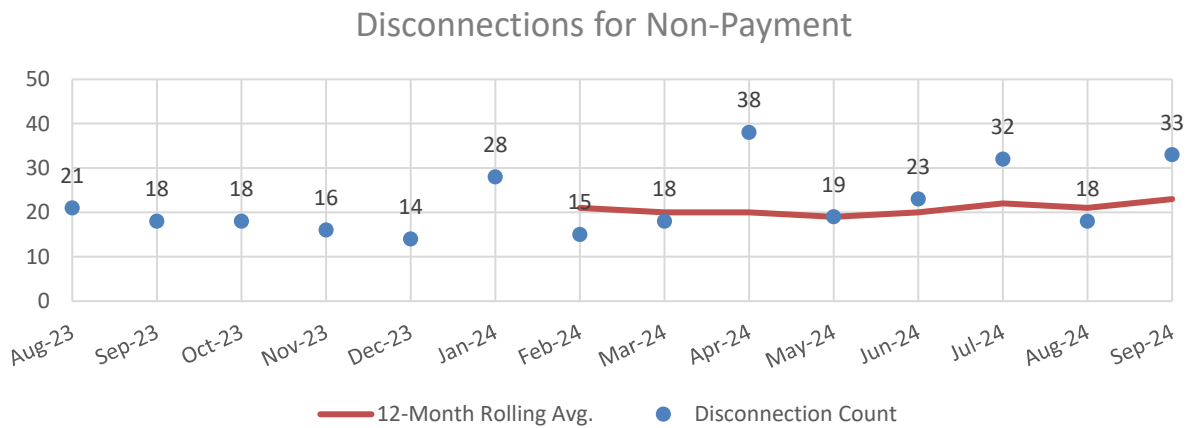
- There were 23,603 active potable water accounts billed in September 2024
- Compared to 23,594 active potable water accounts billed in August 2024
- Net increase of 9 active accounts billed

DESERT WATER AGENCY  
**Financial Highlights**  
 September 2024

OPERATING FUND (Continued)

Accounts Off for Non-Payment

- There were 33 water accounts turned off for non-payment in September 2024. Over the past twelve months, an average of 23 accounts per month turned off for non-payment (1.2% of customers).



GENERAL FUND

Received

- \$14,170 in Replenishment Assessments from Private Pumpers
- \$239,475 in reimbursements from CVWD for Water Management Agreement cost share for the State Water Project and Mission Creek Replenishment Facility.
- \$68,766 in Power Sales from Southern California Edison for Whitewater Hydro

Paid

- \$2,293,384 in State Water Project charges  
 (YTD SWP Payments = \$7,739,650)

DESERT WATER AGENCY  
Financial Highlights  
September 2024

WASTEWATER FUND

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Received

- No payments received in the Wastewater Fund

Paid

- \$24,739 in Accounts Payable

DESERT WATER AGENCY  
**Statement of Cash Receipts and Expenditures**  
 OPERATING FUND

		Invested Reserve Funds
<b>BEGINNING BALANCE SEPTEMBER 1, 2024</b>	<b>(1,384,347.17)</b>	<b>61,553,860.62</b>
<b>Receipts</b>		
Water Sales	4,644,341.04	
Recycled Water Sales	124,734.28	
Wastewater Receipts	103,830.76	
Power Sales	24,825.57	
Meters, Services, Etc	104,807.00	
Reimb - General Fund	24,690.00	
Reimb - Wastewater Fund	-	
Accounts Receivable - Other	33,019.76	
Customer Deposits - Surety	15,240.00	
Customer Deposits - Const	37,000.00	
Lease Revenue	2,404.88	
Interest Received on Invstd Fnds	57,471.52	
Front Footage Fees	-	
Bond Service & Reserve Fund Int	-	
Misc	107,379.84	
<b>TOTAL RECEIPTS</b>	<b>5,279,744.65</b>	
<b>Payments</b>		
Payroll Checks	547,187.11	
Payroll Taxes	229,449.25	
Electronic Transfers	210,633.60	
Checks Under \$10k	\$202,185.62	
Checks Over \$10k	\$614,399.47	
Cancelled Checks and Fees	18,258.72	
<b>TOTAL PAYMENTS</b>	<b>1,822,113.77</b>	
<b>NET INCOME</b>	<b>3,457,630.88</b>	
Invested Reserve Funds		
Funds Matured (CIA)	11,499,747.23	
Funds Invested (C/I)	13,848,126.11	
<b>NET TRANSFER</b>	<b>(2,348,378.88)</b>	<b>2,348,378.88</b>
<b>ENDING BALANCE SEPTEMBER 30, 2024</b>	<b>(275,095.17)</b>	<b>63,902,239.50</b>

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



**September 2024**

Check #	Name	Description	Amount
3064	ACWA/Joint Powers Ins Author	Health, Dental & Vision Insurance Premiums-October 2024	\$ 220,710.62
3023	Deep Well Ranch HOA	Grass Removal Rebate	\$ 80,610.00
3150	Thatcher Company Of California	Water Service Supplies	\$ 61,219.85
3015	Backflow Apparatus & Valve Co	Water service supplies	\$ 42,017.55
3073	Best Best & Krieger Llp	Legal Fees	\$ 35,982.96
3063	Tyler Technologies Inc	Tyler Software (Project 201078M)	\$ 30,150.11
3053	Chase Card Member Services	Credit Card Purchases	\$ 26,068.31
3160	Vasquez & Company Llp	23/24-Audit Services	\$ 22,000.00
3033	Stephen F Brint	Grass Removal Rebate	\$ 18,340.00
3082	Core & Main Lp	Water Service Supplies	\$ 17,316.35
3149	Tess Electric Inc	Equipment Maintenance	\$ 15,759.84
3125	McCrometer Inc	Water Service Supplies	\$ 12,749.32
3123	Landmark Consultants Inc	Consulting Services -Soil Testing	\$ 10,703.40
3120	Jon C Lutz	Gallery Prints	\$ 10,677.38
3046	Quinn Company	Maintenance(Hydraulic Cylinder Loader #6)	\$ 10,093.78
<b>Total</b>			<b>\$ 614,399.47</b>

Security Type

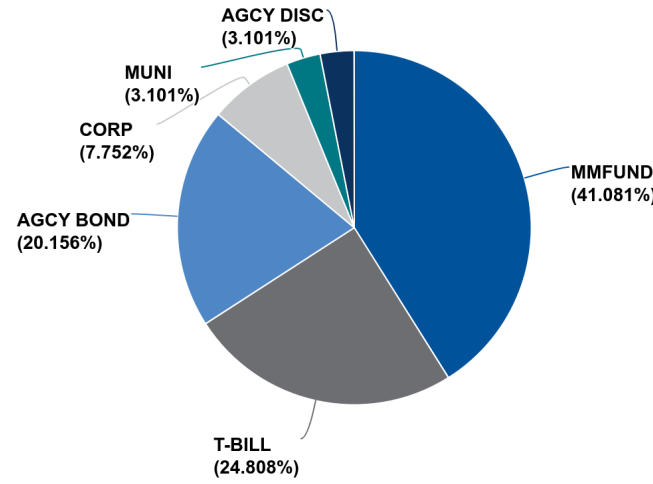


Chart calculated by: PAR Value

### MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - OP	---	---	09/30/2024	09/30/2024	26,495,835.44	26,495,835.44	26,495,835.44	---
<b>LAIF Money Market Fund LAIF - OP</b>	---	---	<b>09/30/2024</b>	<b>09/30/2024</b>	<b>26,495,835.44</b>	<b>26,495,835.44</b>	<b>26,495,835.44</b>	---

### T-BILL

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY US Wealth OP	04/16/2024	---	10/10/2024	10/10/2024	2,000,000.00	1,950,538.33	1,997,670.00	4.257%
UNITED STATES TREASURY US Wealth OP	06/18/2024	---	12/12/2024	12/12/2024	2,000,000.00	1,950,194.17	1,982,120.00	4.510%
UNITED STATES TREASURY US Wealth OP	06/18/2024	---	12/05/2024	12/05/2024	2,000,000.00	1,952,258.33	1,983,641.66	4.561%
UNITED STATES TREASURY US Wealth OP	08/27/2024	---	02/20/2025	02/20/2025	2,000,000.00	1,954,570.00	1,965,604.44	4.479%
UNITED STATES TREASURY US Wealth OP	09/27/2024	---	02/06/2025	02/06/2025	2,000,000.00	1,969,346.67	1,968,782.22	4.486%
UNITED STATES TREASURY US Wealth OP	09/27/2024	---	03/06/2025	03/06/2025	2,000,000.00	1,962,844.44	1,962,343.34	4.461%
UNITED STATES TREASURY US Wealth OP	09/27/2024	---	01/21/2025	01/21/2025	2,000,000.00	1,971,966.67	1,972,248.88	4.545%
UNITED STATES TREASURY US Wealth OP	09/27/2024	---	02/06/2025	02/06/2025	2,000,000.00	1,968,906.67	1,968,782.22	4.486%
<b>UNITED STATES TREASURY US Wealth OP</b>	---	---	<b>01/10/2025</b>	<b>01/10/2025</b>	<b>16,000,000.00</b>	<b>15,680,625.28</b>	<b>15,801,192.76</b>	<b>4.473%</b>

## Monthly Investment Portfolio Report

As of 09/30/2024

AGG- Operating Fund (213426)

Dated: 10/29/2024

### AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL FARM CREDIT BANKS FUNDING CORP US Wealth OP	04/29/2021	10/18/2024	04/28/2025	04/28/2025	1,000,000.00	999,500.00	978,638.00	4.394%
FEDERAL HOME LOAN BANKS US Wealth OP	09/30/2021	12/30/2024	09/30/2026	09/30/2026	1,000,000.00	1,000,000.00	946,138.00	3.844%
FEDERAL HOME LOAN BANKS US Wealth OP	04/29/2022	---	04/29/2027	04/29/2027	2,000,000.00	2,000,000.00	1,972,432.00	3.634%
FEDERAL HOME LOAN BANKS US Wealth OP	05/24/2022	---	05/24/2027	05/24/2027	2,000,000.00	2,000,000.00	1,983,708.00	3.624%
FEDERAL HOME LOAN BANKS US Wealth OP	05/23/2022	11/23/2024	05/23/2025	05/23/2025	2,000,000.00	2,000,000.00	1,986,644.00	4.352%
FEDERAL HOME LOAN BANKS US Wealth OP	06/26/2024	06/26/2026	06/26/2026	06/26/2029	2,000,000.00	2,000,000.00	2,029,998.00	4.543%
FEDERAL HOME LOAN MORTGAGE CORP US Wealth OP	08/20/2020	---	08/20/2025	08/20/2025	1,000,000.00	1,000,000.00	970,109.00	4.083%
FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth OP	06/30/2020	12/30/2024	06/30/2025	06/30/2025	1,000,000.00	1,000,000.00	974,630.00	4.200%
FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth OP	08/12/2020	11/12/2024	08/12/2025	08/12/2025	1,000,000.00	1,000,000.00	969,679.00	4.158%
<b>---</b> <b>US Wealth OP</b>	<b>---</b>	<b>---</b>	<b>04/24/2026</b>	<b>10/16/2026</b>	<b>13,000,000.00</b>	<b>12,999,500.00</b>	<b>12,811,976.00</b>	<b>4.078%</b>

### CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
AMAZON.COM INC US Wealth OP	05/16/2022	03/13/2027	04/13/2027	04/13/2027	2,000,000.00	1,987,040.00	1,973,420.00	3.855%
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION US Wealth OP	06/22/2021	---	12/23/2024	12/23/2024	1,000,000.00	1,000,000.00	987,700.00	5.866%
MASSMUTUAL GLOBAL FUNDING II US Wealth OP	06/14/2023	---	06/14/2028	06/14/2028	2,000,000.00	2,021,800.00	2,054,964.00	4.239%
<b>---</b> <b>US Wealth OP</b>	<b>---</b>	<b>---</b>	<b>04/25/2027</b>	<b>04/25/2027</b>	<b>5,000,000.00</b>	<b>5,008,840.00</b>	<b>5,016,084.00</b>	<b>4.404%</b>

### AGCY DISC

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS US Wealth OP	05/15/2024	---	11/08/2024	11/08/2024	2,000,000.00	1,949,456.67	1,990,364.00	4.543%
<b>FEDERAL HOME LOAN BANKS US Wealth OP</b>	<b>05/15/2024</b>	<b>---</b>	<b>11/08/2024</b>	<b>11/08/2024</b>	<b>2,000,000.00</b>	<b>1,949,456.67</b>	<b>1,990,364.00</b>	<b>4.543%</b>

### MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNIVERSITY CALIF REVS US Wealth OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,874,620.00	3.849%
<b>UNIVERSITY CALIF REVS US Wealth OP</b>	<b>05/16/2022</b>	<b>03/15/2027</b>	<b>05/15/2027</b>	<b>05/15/2027</b>	<b>2,000,000.00</b>	<b>1,795,920.00</b>	<b>1,874,620.00</b>	<b>3.849%</b>

### Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
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Monthly Investment Portfolio Report

AGG- Operating Fund (213426)

As of 09/30/2024

Dated: 10/29/2024

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	05/24/2025	06/27/2025	64,495,835.44	63,930,177.39	63,990,072.20	4.301%

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

DESERT WATER AGENCY  
**Statement of Cash Receipts and Expenditures**  
GENERAL FUND

Invested  
Reserve Funds  
**263,258,848.69**

**BEGINNING BALANCE SEPTEMBER 1, 2024** **(969,234.00)**

**Receipts**

Taxes - Riv County	-
Interest	231,406.48
Groundwater	14,169.55
Reimb OP	-
Reimb CVWD	239,475.43
State Water Proj Refunds	-
Reimb CVWD Whitewater Hydro	-
Power Sales - Whitewater	68,765.58
Misc	-

<b>TOTAL RECEIPTS</b>	<b>553,817.04</b>
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**Payments**

Checks Under \$10k	\$11,686.00
Checks Over \$10k	\$2,612,233.76
Electronic Transfers	-

<b>TOTAL PAYMENTS</b>	<b>2,623,919.76</b>
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**NET INCOME** **(2,070,102.72)**

Invested Reserve Funds

Funds Matured (CIA)	18,442,780.00
Funds Invested (C/I)	15,264,671.88

<b>NET TRANSFER</b>	<b>3,178,108.12</b>	<b>(3,178,108.12)</b>
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**ENDING BALANCE SEPTEMBER 30, 2024** **138,771.40** **260,080,740.57**

	<b>TAXES</b>	<b>INTEREST</b>
Receipts in Fiscal Year	3,186,300.40	1,717,445.64
Receipts in Calendar Year	36,761,534.99	3,483,121.04

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



**September 2024**

Check #	Name	Description	Amount
2060	State of California Department of Water Resources	State Water Project - September Fixed Water Delivery Charges	\$ 2,015,673.00
2059	Coachella Valley Water Dist	Water Management Cost Share- Whitewater	\$ 318,849.76
2058	State of California Department of Water Resources	State Water Project - June 2024 Variable OMP&R	\$ 277,711.00
<b>Total</b>			<b>\$ 2,612,233.76</b>

Security Type

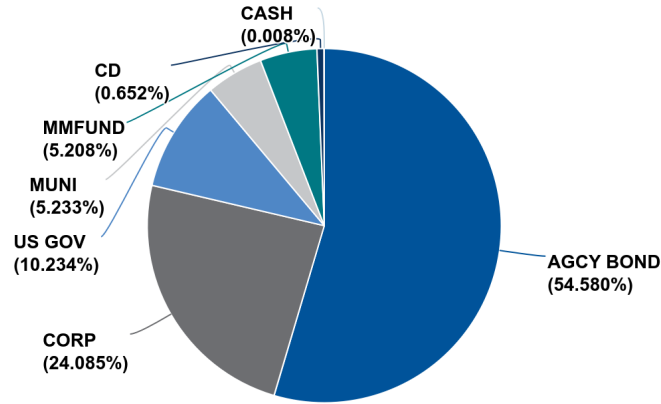


Chart calculated by: PAR Value

**AGCY BOND**

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL AGRICULTURAL MORTGAGE CORP Alamo Capital	09/14/2022	---	04/21/2025	04/21/2025	1,000,000.00	977,400.00	990,497.00	4.364%
FEDERAL AGRICULTURAL MORTGAGE CORP Piper Sandler	02/23/2022	02/23/2025	02/23/2027	02/23/2027	3,000,000.00	3,000,000.00	2,885,589.00	3.778%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	10/15/2020	---	10/15/2024	10/15/2024	3,000,000.00	2,995,500.00	2,994,846.00	4.523%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	02/12/2021	10/18/2024	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,984,973.00	4.611%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	08/04/2020	10/18/2024	08/04/2025	08/04/2025	3,000,000.00	3,000,005.00	2,913,873.00	4.164%
FEDERAL FARM CREDIT BANKS FUNDING CORP US Wealth GF	12/22/2020	10/18/2024	12/22/2025	12/22/2025	3,000,000.00	3,000,000.00	2,873,880.00	4.013%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	11/05/2021	10/18/2024	10/20/2026	10/20/2026	3,000,000.00	2,988,000.00	2,841,153.00	3.843%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	02/16/2022	---	02/16/2027	02/16/2027	3,000,000.00	2,999,286.00	2,875,161.00	3.642%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	06/26/2023	---	06/21/2028	06/21/2028	4,000,000.00	3,963,160.00	4,037,084.00	3.606%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	10/15/2020	---	10/15/2024	10/15/2024	3,000,000.00	3,000,000.00	2,994,879.00	4.526%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	04/30/2024	---	04/10/2029	04/10/2029	3,000,000.00	2,958,390.00	3,094,317.00	3.616%
FEDERAL HOME LOAN BANKS Alamo Capital	09/30/2021	12/30/2024	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,837,277.00	3.844%
FEDERAL HOME LOAN BANKS Alamo Capital	04/09/2021	---	11/18/2024	11/18/2024	3,000,000.00	2,989,263.00	2,983,038.00	4.565%
FEDERAL HOME LOAN BANKS Alamo Capital	12/30/2021	---	12/30/2024	12/30/2024	3,000,000.00	3,000,005.00	2,976,879.00	4.601%

Monthly Investment Portfolio Report

AGG- General Fund (213428)

As of 09/30/2024

Dated: 10/29/2024

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS US Wealth GF	12/30/2020	10/18/2024	12/30/2025	12/30/2025	3,000,000.00	3,000,000.00	2,874,519.00	3.983%
FEDERAL HOME LOAN BANKS US Wealth GF	09/30/2021	12/30/2024	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,838,414.00	3.844%
FEDERAL HOME LOAN BANKS US Wealth GF	04/29/2022	---	04/29/2027	04/29/2027	3,000,000.00	3,000,000.00	2,958,648.00	3.634%
FEDERAL HOME LOAN BANKS US Wealth GF	06/23/2022	10/18/2024	06/23/2026	06/23/2026	3,000,000.00	3,000,000.00	2,988,906.00	4.431%
FEDERAL HOME LOAN BANKS US Wealth GF	02/28/2023	02/28/2025	02/28/2025	02/28/2028	3,000,000.00	2,999,250.00	3,002,091.00	4.976%
FEDERAL HOME LOAN BANKS US Wealth GF	06/23/2023	---	06/09/2028	06/09/2028	5,000,000.00	4,986,500.00	5,067,375.00	3.606%
FEDERAL HOME LOAN BANKS Piper Sandler	02/17/2021	11/17/2024	02/17/2026	02/17/2026	3,000,000.00	3,000,000.00	2,866,833.00	3.960%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	12/30/2024	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,838,984.00	3.844%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	12/30/2024	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,837,277.00	3.844%
FEDERAL HOME LOAN BANKS Piper Sandler	02/26/2021	---	11/26/2024	11/26/2024	3,000,000.00	3,000,000.00	2,980,173.00	4.578%
FEDERAL HOME LOAN BANKS Piper Sandler	01/31/2024	---	01/15/2027	01/15/2027	3,000,000.00	2,999,640.00	3,031,260.00	3.645%
FEDERAL HOME LOAN BANKS Piper Sandler	06/18/2024	12/15/2025	12/15/2025	06/15/2028	2,000,000.00	2,000,000.00	2,020,616.00	4.692%
FEDERAL HOME LOAN BANKS Piper Sandler	04/25/2022	---	07/25/2025	07/25/2025	3,000,000.00	3,000,000.00	3,004,296.00	4.114%
FEDERAL HOME LOAN BANKS Stifel	04/24/2023	10/18/2024	04/24/2028	04/24/2028	3,000,000.00	3,000,000.00	2,994,720.00	4.923%
FEDERAL HOME LOAN BANKS Stifel	02/25/2021	---	11/25/2024	11/25/2024	3,000,000.00	3,000,000.00	2,980,752.00	4.577%
FEDERAL HOME LOAN BANKS Stifel	03/28/2024	03/28/2025	03/28/2025	03/28/2029	3,000,000.00	3,000,000.00	3,008,754.00	5.176%
FEDERAL HOME LOAN BANKS Stifel	05/30/2024	05/30/2025	05/30/2025	05/30/2028	3,000,000.00	3,000,000.00	3,020,406.00	5.241%
FEDERAL HOME LOAN BANKS Stifel	06/27/2024	06/27/2025	06/27/2025	06/27/2029	5,000,000.00	5,000,000.00	5,032,640.00	5.241%
FEDERAL HOME LOAN BANKS Stifel	06/27/2024	06/27/2025	06/27/2025	06/27/2029	5,000,000.00	5,000,000.00	5,032,640.00	5.241%
FEDERAL HOME LOAN BANKS Stifel	09/30/2024	09/22/2025	09/22/2027	09/22/2027	5,000,000.00	5,000,000.00	4,980,940.00	4.138%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	05/12/2022	---	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,994,192.00	4.615%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	09/30/2020	12/30/2024	09/30/2025	09/30/2025	3,000,000.00	3,000,000.00	2,891,907.00	4.115%
FEDERAL HOME LOAN MORTGAGE CORP US Wealth GF	05/16/2024	05/16/2025	05/16/2025	05/16/2028	3,000,000.00	3,000,000.00	3,017,919.00	5.116%
FEDERAL HOME LOAN MORTGAGE CORP US Wealth GF	08/20/2020	---	08/20/2025	08/20/2025	3,000,000.00	3,000,000.00	2,910,327.00	4.083%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	06/25/2020	---	06/25/2025	06/25/2025	3,000,000.00	3,000,000.00	2,925,897.00	4.140%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	05/26/2022	11/26/2024	05/26/2027	05/26/2027	3,000,000.00	3,000,000.00	2,987,832.00	5.214%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	05/03/2023	11/03/2024	11/03/2024	05/03/2027	3,000,000.00	3,000,000.00	3,001,698.00	5.324%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	10/28/2020	---	10/28/2024	10/28/2024	3,000,000.00	3,000,000.00	2,989,839.00	4.773%
FEDERAL NATIONAL MORTGAGE ASSOCIATION Alamo Capital	08/25/2020	---	08/25/2025	08/25/2025	3,000,000.00	2,985,965.00	2,902,905.00	4.062%
FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth GF	07/15/2020	01/15/2025	07/15/2025	07/15/2025	3,000,000.00	3,000,000.00	2,920,548.00	4.164%
FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth GF	08/12/2020	11/12/2024	08/12/2025	08/12/2025	3,000,000.00	3,000,000.00	2,909,037.00	4.158%

Monthly Investment Portfolio Report

AGG- General Fund (213428)

As of 09/30/2024

Dated: 10/29/2024

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL NATIONAL MORTGAGE ASSOCIATION Stifel	01/23/2024	01/17/2025	01/17/2025	01/17/2029	3,000,000.00	3,000,000.00	3,003,090.00	4.971%
---	---	---	<b>02/16/2026</b>	<b>11/12/2026</b>	<b>144,000,000.00</b>	<b>143,842,364.00</b>	<b>142,098,881.00</b>	<b>4.361%</b>
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CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
APPLE INC Alamo Capital	04/05/2024	02/11/2027	05/11/2027	05/11/2027	2,000,000.00	1,919,899.70	1,970,986.00	3.787%
APPLE INC Stifel	03/26/2021	01/08/2026	02/08/2026	02/08/2026	1,000,000.00	986,200.00	958,315.00	3.886%
APPLE INC Stifel	06/21/2022	11/09/2026	02/09/2027	02/09/2027	3,000,000.00	2,953,920.00	2,972,256.00	3.762%
APPLE INC Stifel	09/24/2020	04/11/2025	05/11/2025	05/11/2025	2,000,000.00	2,055,740.00	1,958,966.00	4.550%
BANK OF NEW YORK MELLON CORP Alamo Capital	05/06/2020	03/24/2025	04/24/2025	04/24/2025	1,000,000.00	1,020,005.00	982,623.00	4.742%
BERKSHIRE HATHAWAY FINANCE CORP Stifel	02/24/2023	02/15/2027	03/15/2027	03/15/2027	3,000,000.00	2,778,750.00	2,895,909.00	3.791%
EXXON MOBIL CORP US Wealth GF	08/11/2022	12/01/2025	03/01/2026	03/01/2026	3,000,000.00	2,976,180.00	2,965,233.00	3.889%
EXXON MOBIL CORP Piper Sandler	08/23/2024	05/16/2029	08/16/2029	08/16/2029	4,000,000.00	3,709,560.00	3,743,808.00	3.894%
EXXON MOBIL CORP Stifel	12/15/2022	12/01/2025	03/01/2026	03/01/2026	2,000,000.00	1,928,640.00	1,976,822.00	3.889%
GUARDIAN LIFE GLOBAL FUNDING US Wealth GF	03/03/2023	---	11/19/2027	11/19/2027	3,000,000.00	2,522,160.00	2,743,047.00	4.193%
JOHN DEERE CAPITAL CORP Alamo Capital	02/08/2021	---	01/15/2026	01/15/2026	3,000,000.00	3,000,000.00	2,873,325.00	4.089%
JOHN DEERE CAPITAL CORP Alamo Capital	04/18/2023	---	03/09/2027	03/09/2027	2,000,000.00	1,829,101.63	1,895,756.00	4.012%
JOHNSON & JOHNSON Piper Sandler	03/28/2024	10/15/2027	01/15/2028	01/15/2028	3,000,000.00	2,844,090.00	2,924,760.00	3.715%
MASTERCARD INC Stifel	03/08/2024	01/26/2027	03/26/2027	03/26/2027	3,000,000.00	2,903,490.00	2,954,310.00	3.948%
METROPOLITAN LIFE GLOBAL FUNDING I US Wealth GF	05/15/2024	---	01/08/2029	01/08/2029	5,000,000.00	4,947,400.00	5,117,385.00	4.242%
MICROSOFT CORP Stifel	02/10/2021	08/03/2025	11/03/2025	11/03/2025	3,000,000.00	3,337,530.00	2,967,948.00	4.134%
NEW YORK LIFE GLOBAL FUNDING US Wealth GF	03/08/2024	---	01/29/2029	01/29/2029	5,000,000.00	4,990,150.00	5,111,285.00	4.132%
PROCTER & GAMBLE CO US Wealth GF	02/24/2023	---	01/26/2028	01/26/2028	3,000,000.00	2,951,160.00	3,015,063.00	3.786%
TOYOTA MOTOR CREDIT CORP Alamo Capital	04/18/2023	---	04/06/2028	04/06/2028	2,000,000.00	1,799,880.37	1,860,014.00	4.056%
TOYOTA MOTOR CREDIT CORP Alamo Capital	10/21/2019	---	10/07/2024	10/07/2024	1,500,000.00	1,499,994.00	1,499,212.50	4.658%
TOYOTA MOTOR CREDIT CORP Alamo Capital	07/18/2022	---	04/14/2025	04/14/2025	2,044,000.00	2,035,824.00	2,029,843.26	4.714%
WALMART INC Alamo Capital	06/20/2024	07/22/2028	09/22/2028	09/22/2028	5,000,000.00	4,489,500.00	4,593,365.00	3.718%
WALMART INC Stifel	06/18/2020	11/12/2024	12/15/2024	12/15/2024	2,000,000.00	2,173,300.00	1,989,744.00	5.098%
---	---	---	<b>05/30/2027</b>	<b>05/30/2027</b>	<b>63,544,000.00</b>	<b>61,652,474.69</b>	<b>61,999,975.76</b>	<b>4.064%</b>
---	---	---						

Monthly Investment Portfolio Report

AGG- General Fund (213428)

As of 09/30/2024

Dated: 10/29/2024

US GOV

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY US Wealth GF	11/17/2023	---	11/15/2028	11/15/2028	3,000,000.00	2,815,781.25	2,947,031.25	3.589%
UNITED STATES TREASURY US Wealth GF	09/26/2024	---	08/31/2029	08/31/2029	5,000,000.00	5,038,671.88	5,015,625.00	3.555%
UNITED STATES TREASURY Piper Sandler	05/15/2023	---	05/31/2027	05/31/2027	3,000,000.00	2,901,780.00	2,926,875.00	3.591%
UNITED STATES TREASURY Piper Sandler	08/17/2023	---	07/31/2028	07/31/2028	3,000,000.00	2,974,080.00	3,058,593.75	3.574%
UNITED STATES TREASURY Piper Sandler	12/21/2023	---	04/30/2028	04/30/2028	3,000,000.00	2,943,984.38	2,992,968.75	3.570%
UNITED STATES TREASURY Piper Sandler	01/31/2024	---	01/31/2029	01/31/2029	4,000,000.00	4,007,192.00	4,068,125.00	3.571%
UNITED STATES TREASURY Piper Sandler	06/18/2024	---	06/30/2028	06/30/2028	3,000,000.00	2,961,501.00	3,045,000.00	3.568%
UNITED STATES TREASURY Stifel	09/01/2023	---	07/15/2026	07/15/2026	3,000,000.00	2,997,726.30	3,041,718.75	3.687%
<b>UNITED STATES TREASURY</b>	<b>---</b>	<b>---</b>	<b>06/29/2028</b>	<b>06/29/2028</b>	<b>27,000,000.00</b>	<b>26,640,716.81</b>	<b>27,095,937.50</b>	<b>3.585%</b>

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - GF	---	---	09/30/2024	09/30/2024	13,740,613.80	13,740,613.80	13,740,613.80	---
<b>LAIF Money Market Fund LAIF - GF</b>	<b>---</b>	<b>---</b>	<b>09/30/2024</b>	<b>09/30/2024</b>	<b>13,740,613.80</b>	<b>13,740,613.80</b>	<b>13,740,613.80</b>	<b>---</b>

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
CALIFORNIA ST UNIV REV Alamo Capital	09/09/2022	---	11/01/2026	11/01/2026	1,000,000.00	909,590.00	947,040.00	3.802%
HEMET CALIF UNI SCH DIST Alamo Capital	12/12/2023	---	08/01/2028	08/01/2028	1,105,000.00	967,062.85	1,016,489.50	3.845%
MONTEREY PK CALIF PENSION OBLIG US Wealth GF	02/16/2021	---	06/01/2025	06/01/2025	400,000.00	403,156.00	390,188.00	4.649%
SAN FRANCISCO CALIF MUN TRANSN AGY REV Alamo Capital	09/14/2023	---	03/01/2028	03/01/2028	1,200,000.00	1,028,748.00	1,107,876.00	3.713%
SANTA CLARA CNTY CALIF Alamo Capital	04/05/2024	---	08/01/2027	08/01/2027	2,075,000.00	1,922,570.50	1,981,604.25	3.685%
UNIVERSITY CALIF REVS Alamo Capital	06/23/2023	03/15/2027	05/15/2027	05/15/2027	5,000,000.00	4,486,800.00	4,686,550.00	3.849%
YOSEMITE CALIF CMNTY COLLEGE DIST Alamo Capital	12/12/2023	---	08/01/2027	08/01/2027	3,025,000.00	2,786,872.00	2,898,040.75	3.652%
<b>---</b>	<b>---</b>	<b>---</b>	<b>07/07/2027</b>	<b>07/07/2027</b>	<b>13,805,000.00</b>	<b>12,504,799.35</b>	<b>13,027,788.50</b>	<b>3.789%</b>

CD

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Ally Bank Piper Sandler	06/02/2022	---	06/02/2026	06/02/2026	245,000.00	245,000.00	241,977.68	3.865%
Capital One Bank (USA), National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	241,531.29	3.705%

# Monthly Investment Portfolio Report

AGG- General Fund (213428)

As of 09/30/2024

Dated: 10/29/2024

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Capital One, National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	241,531.29	3.705%
Discover Bank Piper Sandler	06/07/2022	---	06/07/2027	06/07/2027	245,000.00	245,000.00	241,534.72	3.705%
JPMorgan Chase Bank, National Association Alamo Capital	02/08/2021	01/16/2025	01/16/2026	01/16/2026	250,000.00	250,000.00	238,663.75	4.213%
Morgan Stanley Bank, N.A. Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	240,906.30	3.705%
Morgan Stanley Private Bank, National Association Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	240,906.30	3.705%
---	---	---	<b>02/04/2027</b>	<b>02/04/2027</b>	<b>1,720,000.00</b>	<b>1,720,000.00</b>	<b>1,687,051.32</b>	<b>3.800%</b>

## CASH

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Cash Alamo Capital	---	---	09/30/2024	09/30/2024	21,000.00	21,000.00	21,000.00	0.000%
<b>Cash Alamo Capital</b>	---	---	<b>09/30/2024</b>	<b>09/30/2024</b>	<b>21,000.00</b>	<b>21,000.00</b>	<b>21,000.00</b>	<b>0.000%</b>

## Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	<b>09/03/2026</b>	<b>01/28/2027</b>	<b>263,830,613.80</b>	<b>260,121,968.65</b>	<b>259,671,247.88</b>	<b>4.166%</b>

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



DESERT WATER AGENCY  
**Statement of Cash Receipts and Expenditures**  
WASTEWATER FUND

Invested  
Reserve Funds  
**1,650,747.69**

**BEGINNING BALANCE SEPTEMBER 1, 2024** **56.55**

**Receipts**

Accounts Receivable Other	-	
Customer Deposits-Construction	-	
Interest Earned-Invested Funds	-	
Wastewater Revenue	-	
Reimb OP	-	
Sewer Capacity Charges	-	
Miscellaneous	-	
<b>TOTAL RECEIPTS</b>	<b>-</b>	

**Payments**

Checks Under \$10k	6,194.72	
Checks Over \$10k	18,544.34	
Cancelled Checks and Fees	-	
<b>TOTAL PAYMENTS</b>	<b>24,739.06</b>	

**NET INCOME** **(24,739.06)**

Invested Reserve Funds

Funds Matured (CIA)	-	
Funds Invested (C/I)	-	

**NET TRANSFER** **-**

**ENDING BALANCE SEPTEMBER 30, 2024** **(24,682.51)** **1,650,747.69**

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



**September 2024**

Check #	Name	Description	Amount
3016	City Of Palm Springs	Wastewater Revenue Billing for July 2024/August 2024	\$ 18,544.03
<b>Total</b>			<b>\$ 18,544.03</b>

Security Type

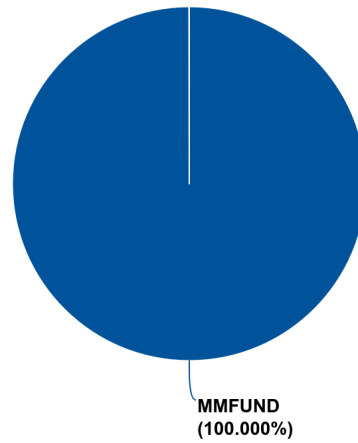


Chart calculated by: PAR Value

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - WW	---	---	09/30/2024	09/30/2024	1,650,747.69	1,650,747.69	1,650,747.69	---
<b>LAIF Money Market Fund LAIF - WW</b>	---	---	<b>09/30/2024</b>	<b>09/30/2024</b>	<b>1,650,747.69</b>	<b>1,650,747.69</b>	<b>1,650,747.69</b>	---

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

DESERT WATER AGENCY  
**Investment Portfolio Reporting Requirements**

*as required by DWA Resolution 1301, Section VII  
& California Government Code Section 53646*

*as of*  
**September 30, 2024**

## Statement of Compliance

The Desert Water Agency portfolio is in compliance with the Agency's investment policy and guidelines for investment of Agency funds as outlined in DWA Resolution 1301.

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

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

## Description of Investments

### Agency Bonds

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

### Bank Deposits

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

### Certificate of Deposits (CD)

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

### Corporate Notes

Debt securities issued by a for-profit company.

### Money Market Funds

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

## Municipal Bonds

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

## Treasury Notes

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

## Funds Managed by Contracted Parties - LAIF

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

## Market Value Source

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

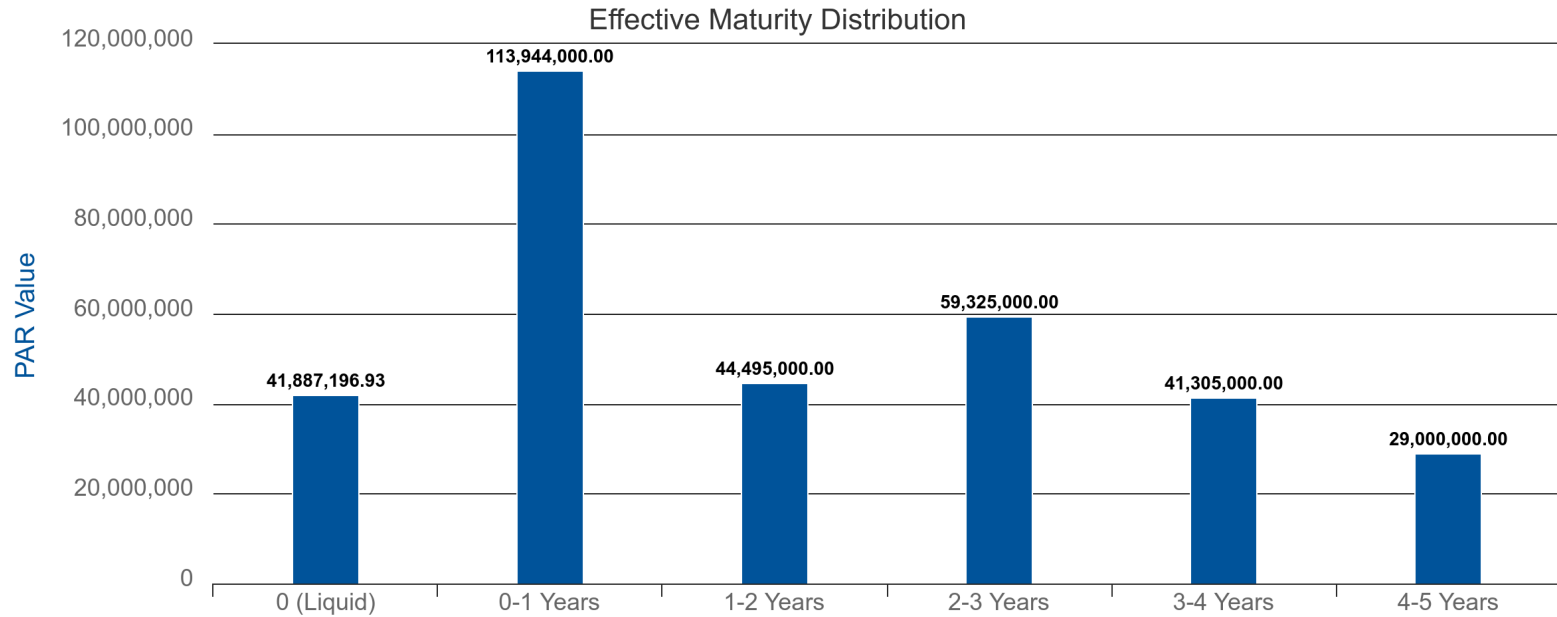
Esther Saenz  
Finance Director  
Desert Water Agency

## Effective Maturity Distribution Summary

AGG-ALL (219610)

As of 09/30/2024

Dated: 10/29/2024



### 0 (Liquid)

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	LAIF - GF	LAIFMMF	LAIF Money Market Fund	MMFUND	13,740,613.80	09/30/2024	09/30/2024
Operating Fund	LAIF - OP	LAIFMMF	LAIF Money Market Fund	MMFUND	26,495,835.44	09/30/2024	09/30/2024
Wastewater Fund	LAIF - WW	LAIFMMF	LAIF Money Market Fund	MMFUND	1,650,747.69	09/30/2024	09/30/2024
---	---	<b>LAIFMMF</b>	<b>LAIF Money Market Fund</b>	<b>MMFUND</b>	<b>41,887,196.93</b>	<b>09/30/2024</b>	<b>09/30/2024</b>

### 0-1 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	88,944,000.00	03/25/2025	05/11/2026
Operating Fund	US Wealth OP	---	---	---	25,000,000.00	02/12/2025	02/12/2025
---	---	---	---	---	<b>113,944,000.00</b>	<b>03/16/2025</b>	<b>02/02/2026</b>

### 1-2 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	41,495,000.00	04/23/2026	06/08/2026
Operating Fund	US Wealth OP	---	FEDERAL HOME LOAN BANKS	AGCY BOND	3,000,000.00	07/26/2026	08/15/2028
---	---	---	---	---	<b>44,495,000.00</b>	<b>04/29/2026</b>	<b>08/02/2026</b>

# Effective Maturity Distribution Summary

AGG-ALL (219610)

As of 09/30/2024

Dated: 10/29/2024

## 2-3 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	51,325,000.00	04/19/2027	04/19/2027
Operating Fund	US Wealth OP	---	---	---	8,000,000.00	05/05/2027	05/05/2027
---	---	---	---	---	<b>59,325,000.00</b>	<b>04/22/2027</b>	<b>04/22/2027</b>

## 3-4 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	39,305,000.00	05/12/2028	05/12/2028
Operating Fund	US Wealth OP	57629W6H8	MASSMUTUAL GLOBAL FUNDING II	CORP	2,000,000.00	06/14/2028	06/14/2028
---	---	---	---	---	<b>41,305,000.00</b>	<b>05/14/2028</b>	<b>05/14/2028</b>

## 4-5 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	29,000,000.00	03/29/2029	03/29/2029
<b>General Fund</b>	---	---	---	---	<b>29,000,000.00</b>	<b>03/29/2029</b>	<b>03/29/2029</b>

## Summary

Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
---	---	---	---	<b>329,956,196.93</b>	<b>05/29/2026</b>	<b>09/29/2026</b>

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

DESERT WATER AGENCY  
**Monthly Investment Portfolio Report**

Abbreviations & Definitions

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

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

NOTES:

- 1 DWA Investment Policy, Resolution 1301, Schedule 1, Item 2
- 2 DWA Investment Policy, Resolution 1301, Schedule 1, Item 14
- 3 DWA Investment Policy, Resolution 1301, Schedule 1, Item 9
- 4 Cash funds in transit are a result of maturities/calls/coupon payments that are held in the Agency's money market account with the broker/custodian until transferred to the Agency's bank. DWA Investment Policy, Resolution 1301, Schedule 1, Item 15
- 5 DWA Investment Policy, Resolution 1301, Schedule 1, Item 3
- 6 DWA Investment Policy, Resolution 1301, Schedule 1, Item 10
- 7 DWA Investment Policy, Resolution 1301, Schedule 1, Item 1
- 8 US Agency Obligation that does not bear an interest rate, but purchased at a discount, held to maturity and redeemed at PAR.



DESERT WATER AGENCY - OPERATING FUND  
COMPARATIVE EARNINGS STATEMENT

MONTH 24-25 SEPTEMBER	-----THIS MONTH-----			-----FISCAL YEAR TO DATE-----			-----VARIANCE-----	
	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	BUDGET	YTD	PCT
OPERATING REVENUES								
WATER SALES	4,596,354.86	3,831,797.43	4,411,300.00	13,941,581.40	11,926,088.18	13,604,900.00	336,681.40	2%
RECYCLED WATER SALES	124,734.28	94,125.19	113,900.00	358,468.05	337,226.47	365,400.00	-6,931.95	-2%
POWER SALES	24,825.57	0.00	7,200.00	36,767.45	25,363.12	21,600.00	15,167.45	70%
OTHER OPER REVENUE	194,456.22	32,569.82	199,100.00	572,336.59	550,653.85	597,300.00	-24,963.41	-4%
TOTAL OPER REVENUE	4,940,370.93	3,958,492.44	4,731,500.00	14,909,153.49	12,839,331.62	14,589,200.00	319,953.49	2%
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	2,317,716.12	1,951,639.94	2,150,100.00	2,359,285.44	1,980,568.06	2,354,300.00	4,985.44	0%
PUMPING EXPENSE	48,438.66	543,524.43	621,100.00	1,044,336.13	1,802,324.26	1,907,400.00	-863,063.87	-45%
REGULATORY WATER TREAT	83,489.41	93,740.14	102,900.00	277,003.41	284,083.73	308,700.00	-31,696.59	-10%
TRANS & DIST EXPENSE	234,698.14	319,027.11	352,180.00	781,295.17	840,162.15	1,056,540.00	-275,244.83	-26%
CUSTOMER ACT EXPENSE	93,100.90	82,826.61	109,800.00	252,450.84	230,019.56	329,400.00	-76,949.16	-23%
ADMIN & GEN EXPENSE	790,065.75	970,623.01	1,251,350.00	5,328,586.29	4,678,498.32	6,172,250.00	-843,663.71	-14%
REGULATORY EXPENSE	5,603.64	108.34	51,400.00	45,928.72	36,592.41	154,200.00	-108,271.28	-70%
SNOW CREEK HYDRO EXP	4,711.32	7,407.77	3,600.00	11,679.37	10,235.34	10,800.00	879.37	8%
RECYCLED WATER PLNT EXP	59,667.97	63,403.17	186,710.00	257,921.31	240,300.42	560,130.00	-302,208.69	-54%
SUB-TOTAL	3,637,491.91	4,032,300.52	4,829,140.00	10,358,486.68	10,102,784.25	12,853,720.00	-2,495,233.32	-19%
OTHER OPER EXPENSES								
DEPRECIATION	0.00	538,720.41	0.00	766.58	1,595,208.52	0.00	766.58	0%
SERVICES RENDERED	4,488.83	17,623.48	17,000.00	43,188.89	57,534.82	51,000.00	-7,811.11	-15%
DIR & INDIR CST FOR WO	-164,747.11	-220,744.84	-293,600.00	-944,486.25	-905,255.11	-880,800.00	-63,686.25	7%
TOTAL OPER EXPENSES	3,477,233.63	4,367,899.57	4,552,540.00	9,457,955.90	10,850,272.48	12,023,920.00	-2,565,964.10	-21%
NET INCOME FROM OPERATIONS	1,463,137.30	-409,407.13	178,960.00	5,451,197.59	1,989,059.14	2,565,280.00	2,885,917.59	112%
NON-OPERATING INCOME (NET)								
RENTS	2,404.88	4,007.58	17,900.00	13,941.04	12,022.74	53,700.00	-39,758.96	-74%
INTEREST REVENUES	149,727.30	117,275.67	125,000.00	429,590.38	349,547.68	375,000.00	54,590.38	15%
INVESTMENT AMORT.	50,252.77	42,250.00	0.00	237,168.89	81,272.89	0.00	237,168.89	0%
OTHER REVENUES	3,750.00	0.00	29,500.00	60,785.36	280.00	88,500.00	-27,714.64	-31%
GAINS ON RETIREMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0%
DISCOUNTS	0.00	934.79	100.00	0.00	934.79	300.00	-300.00	-100%
PR. YEAR EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0%
OTHER EXPENSES	0.00	0.00	3,800.00	0.00	0.00	-3,800.00	3,800.00	-100%
LOSS ON RETIREMENTS	0.00	0.00	5,300.00	-13,782.44	0.00	-5,300.00	-8,482.44	160%
TOTAL NON-OPER INCOME	206,134.95	164,468.04	181,600.00	727,703.23	444,058.10	508,400.00	219,303.23	43%
TOTAL NET INCOME	1,669,272.25	-244,939.09	360,560.00	6,178,900.82	2,433,117.24	3,073,680.00	3,105,220.82	101%

## GENERAL MANAGER'S REPORT NOVEMBER 5, 2024

### DWA Fall Tour

On October 23, Desert Water Agency held its fall facility tour, which included a morning and afternoon guided tour option. DWA Board members and guests visited Snow Creek facilities, Whitewater Hydroelectric Plant, and the Mission Creek Replenishment Facility.

The ponds were filled, and water was flowing at Whitewater hydro. It was a highly successful event with more than 100 participants, many sharing positive feedback during and after the tour.



### **DWA and CVWD Host DWR Grants Staff**

On Thursday October 24, Desert Water Agency and Coachella Valley Water District staff, hosted Faiyaz Mohammed from the Department of Water Resources. Mr. Mohammed works in the Financial Assistance Branch, managing Proposition 1 Grants.

Mr. Mohammed visited the Coachella Valley to evaluate how state grants are being spent. He requested to view the Palm Springs Airport Demonstration Garden which allowed staff to highlight the success of grass removal programs. In addition, staff discussed the potential grass removal at the airport property and other locations throughout DWA's service area.

Later in the day, CVWD staff showed Mr. Mohammed other projects in their service area including the Avenue 66 project.

### **DWA Submits Initial Service Line Inventory to SWRCB-DDW**

As required by the federal Lead and Copper Rule Revisions, Desert Water Agency submitted its initial service line inventory to the State Water Resources Control Board, Department of Drinking Water (DDW) on October 16, 2024.

The service line inventory was developed in accordance with the Agency's written plan, that was approved by DDW in August 2023 and involved the physical inspection of over 1,200 services by DWA staff to identify customer service line materials. The service line inventory includes information on pipe material for both Agency-owned and customer-owned portions of all service lines in DWA's system.

There was no lead services found in DWA's distribution system.

Results of the service line inventory will be posted on the Agency's website on a GIS-created map, allowing customers to review system wide results.

### **Veteran's Day Holiday/DWA Offices Closed**

Reminder: DWA offices will be closed on Monday, November 11 in observance of Veteran's Day.



# SYSTEM LEAK DATA 2024

Oct 9, 2024 - Oct 28, 2024

Street Name	Number of Leaks	Pipe Diameter (inches)	Install Date	Material	Coating/Lining	Planned Replacement
ALEJO RD	4	12"	1960	Steel - SP	CML	
BARISTO RD	3	4"	1937	Steel - SP	UL	W2024
SUNNY DUNES RD	2	6"	1946	Steel - SP	UL	W2025
PALM CANYON DR S	2	10"	1938	Steel - SP	UL	
JOYCE DR	2	6"	1958	Steel - SP	UL	
CERRITOS RD	2	6"	1957	Steel - SP	UL	
DESERT WY	1	4"	1946	Steel - SP	UL	W2025
STEVENS RD	1	8"	1951	Steel - SP	UL	W2025
CAMINO REAL	1	12"	1953	Steel - SP	UL	S2025
VISTA CHINO	1	20"	1949	Steel - SP	UL	2022/2023
INDUSTRIAL PL	1	4"	1948	Steel - SP	UL	
BELLAMY RD	1	4"	1957	Steel - SP	UL	
ALEJO RD	1	8"	1958	Steel - SP	UL	
MCMANUS DR	1	4"	1946	Steel - SP	UL	
PALM CANYON DR E (SOUTH SIDE)	1	6"	1953	Steel - SP	UL	
CALLE MARCUS	1	4"	1945	Steel - SP	UL	
PASEO EL MIRADOR	1	4"	1945	Steel - SP	UL	
CERRITOS RD	1	6"	1955	Steel - SP	UL	
INDIAN CANYON DR	1	8"	1938	Steel - SP	UL	
INDIAN CANYON DR	1	6"	1951	Steel - SP	UL	
JACINTO ESTATES: S SATURMINO DR	1	4"	1946	Steel - SP	UL	
		<b>Total Leaks in System</b>				
		30				

## Planned Replacement

- Summer 2025
- Awarded
- Late 2025
- Summer 2026

## SYSTEM INFORMATION

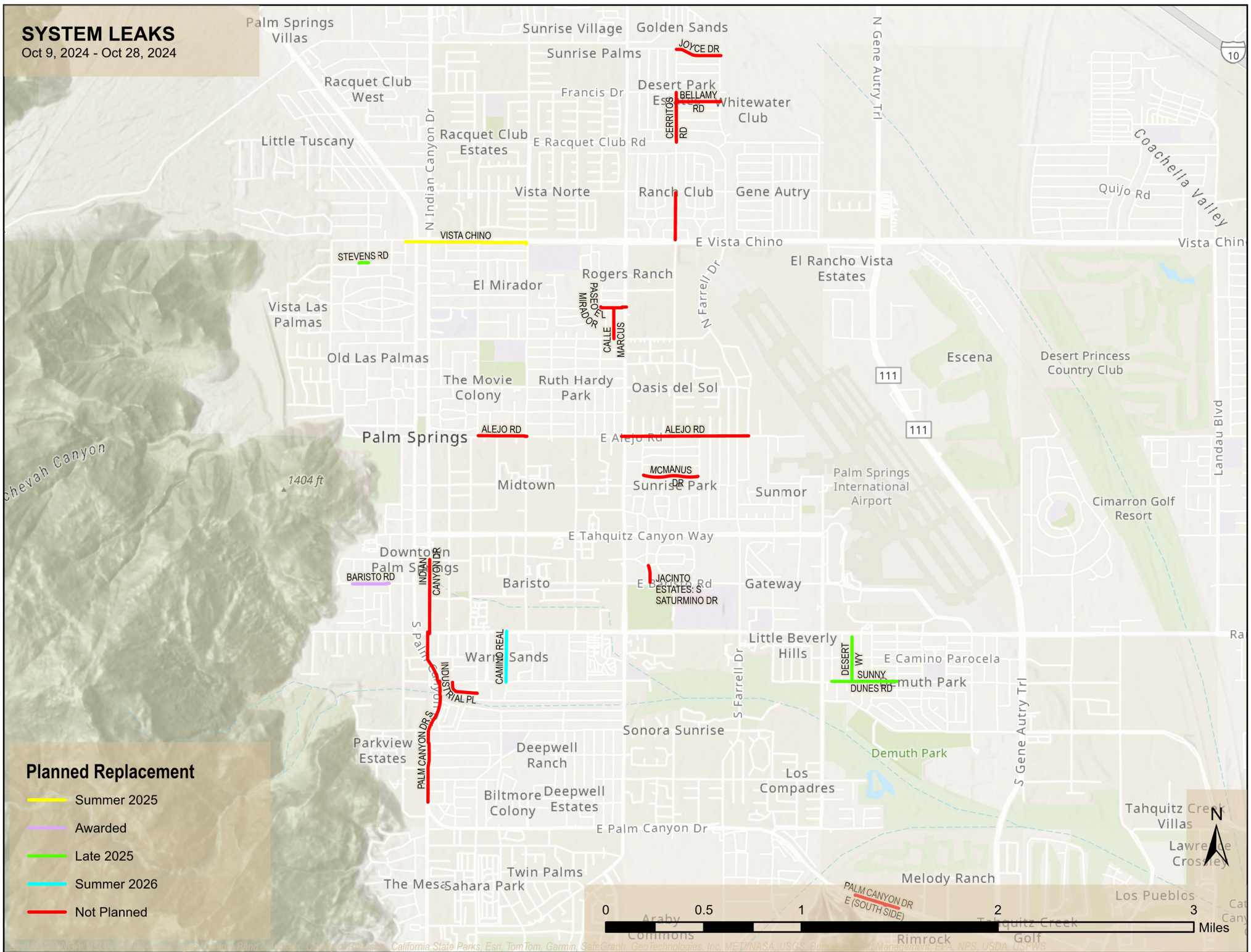
Oldest Pipe in the System (Year of Installation): 1936, 88 years old  
 Average Year of Installation of Unlined Steel Pipe (Systemwide): 1954, 70 years old  
**Total Length of Unlined Pipe Systemwide (Linear Feet): 235,364**  
 \*Average Length of Pipe Replaced Annually (Linear Feet): 15,000 ft  
**\*Projected 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



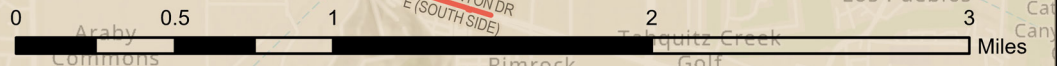
# SYSTEM LEAKS

Oct 9, 2024 - Oct 28, 2024



## Planned Replacement

- Summer 2025
- Awarded
- Late 2025
- Summer 2026
- Not Planned



## General Manager's Meetings and Activities

### Meetings:

10/16/24	DCP Coordination Meeting (Johnson/Saenz)	Sacramento
10/16/24	DCP Update Meeting (Johnson/Saenz)	Sacramento
10/16/24	SWC Monthly Meeting (Johnson/Saenz)	Sacramento
10/17/24	SWC Board Meeting (Johnson/Saenz)	Sacramento
10/17/24	DC Finance Authority Board Meeting (Johnson/Saenz)	Sacramento
10/18/24	Sites Res/Authority Board Meeting (Johnson/Saenz)	Sacramento
10/21/24	Tribal Mediation In-Person Meeting	ACBCI Museum
10/22/24	CIMIS Land Use Agreement Meeting	Conf Call
10/23/24	Fall Tour (Saenz)	DWA Facilities
10/23/24	Tribal Mediation Coordination Meeting	Conf Call
10/28/24	DWA Weekly Department Heads Meeting	DWA
10/28/24	Tribal Mediation Small Group Meeting	Conf Call
10/28/24	Sites Reservoir Coordination Meeting	Conf Call
10/29/24	Conservation Department Update Meeting	DWA
10/30/24	DCP Participants Meeting	Conf Call
10/31/24	Executive Committee Meeting	DWA
11/01/24	SWC Update Meeting (Tate)	Conf Call
11/04/24	DWA Staff Strategic Planning Meeting	DWA
11/04/24	DWA Weekly Department Heads Meeting	DWA
11/04/24	Tribal Mediation Small Group Meeting	Conf Call
11/05/24	DWA Bi-Monthly Board Meeting	DWA

### Activities:

- 1) Sites Reservoir Finance
- 2) DCP Financing
- 3) Recycled Water Supply - Strategic Planning
- 4) AQMD Rule 1196
- 5) DWA Organizational Restructuring
- 6) DWA Remote Meter Reading Fixed Network
- 7) DC Project – Finance JPA Committee (Standing)
- 8) DWA/CVWD/MWD Operations Coordination (Standing)
- 9) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 10) ACBCI Water Rights Lawsuit
- 11) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 12) Delta Conveyance Project Cost Allocation
- 13) MCSB Delivery Updates
- 14) SWP East Branch Enlargement Cost Allocation
- 15) RWQCB Update to the SNMP