

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
August 5, 2019 at 1:30 p.m.

1. Call to Order, Flag Salute, Invocation and Roll Call

2. Adoption and Adjustment of Agenda

3. Public Comment: Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.

4. Consent Calendar: If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.

- A. Approval of the Minutes of the Regular Board Meeting, July 15, 2019* (p. 3)
- B. Approval of the Minutes of the Finance and Budget Workshop, July 19, 2019* (p. 6)
- C. Approval of the Finance and Budget Workshop Report, July 19, 2019* (p. 9)

5. Reports:

- A. General Manager's Report* (p. 29)
- B. General Counsel Report (none)
- C. Directors Reports
- D. Committee Reports

6. New Business:

- A. Consideration of Adoption of Resolution No. 2019-07, Setting the Tax Rate for FY 2019-2020* (p. 56)
- B. Consideration of Adoption of Debt Service Budget for 2019-2020* (p. 70)
- C. Consideration and Possible Action to Enter into an Exchange Agreement with the City of Ventura and Casitas Municipal Water District* (p. 72)
- D. Consideration and Possible Action to Transfer 2019 Nickel Water to Los Angeles Department of Water and Power* (p. 82)
- E. Consideration and Possible Action to Contract with Provost & Pritchard to Perform an Infrastructure Planning Study* (p. 97)
- F. Consideration and Possible Action on Policy Related to Appointment of Committee on the Evaluation and Performance of the General Manager* (p. 103)

7. Topics for Future Agendas

8. Announcements:

- A. Water Conservation and Education Committee Meeting, August 8, 2019 at 1:30 p.m.
- B. Engineering Workshop, August 12, 2019 at 1:30 p.m.
- C. Regular Board Meeting, August 19, 2019 at 1:30 p.m.

9. Closed Session (1 Item)

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) and initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9
One potential case

10. Adjournment

***Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: www.sgpwa.com (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223

Minutes of the
Board of Directors Meeting
July 15, 2019

Directors Present: Ron Duncan, President
Lenny Stephenson, Vice President
Stephen Lehtonen, Treasurer
Blair Ball, Director
David Castaldo, Director
David Fenn, Director

Directors Absent: Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferre, Legal Counsel
Cheryle Stiff, Executive Assistant
Casmir Olaivar, Student Intern

1. **Call to Order, Flag Salute, Invocation, and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President Duncan at 1:30 p.m., July 15, 2019 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Duncan led the Pledge of Allegiance to the flag. President Duncan gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Duncan asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** *President Duncan asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency that are not on today's agenda.* There were no members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, July 1, 2019
 - B. Approval of the Minutes of the Engineering Workshop, July 8, 2019

President Duncan asked for a motion on the Consent Calendar. Director Stephenson made a motion, seconded by Director Castaldo, to adopt the consent calendar. Motion passed 6-0, with Director Thompson absent.

5. Reports:

A. General Manager's Report:

General Manager Davis provided a written report on the Agency's Operations and General Updates. He also provided a verbal report stating that the Agency delivered 828 acre-feet of Table A water to the Noble Creek Connection, so far this month. General Manager Davis provided the Board, and members of the public, with a copy of a letter that was submitted by a number of water agencies, to voice their concern about the current Endangered Species Act provisions in Senate Bill 1 (Atkins). The letter stated that in their view, the provisions, if not amended, would undermine the collective efforts to participate in and help

advance the Voluntary Agreements, leading to further declines in fish and wildlife and water supply reliability throughout California. The signatories are requesting an amendment to the ESA section by striking the provision that attempts to apply the California Endangered Species Act to the Central Valley Project. The Agency was unable to be a signatory on the letter due to timing. General Manager Davis had nothing further to report.

B. Directors Reports:

1) Director Ball reported on the BCVWD Board meeting that he attended on July 10th. Topics included: Year-to-date production, pond capacity, SGPWA's demographic information request, and communications between BCVWD & SGPWA. **2) Director Lehtonen** reported on the BCVWD Board meeting that he attended on July 10th. He added that there was also discussion on the Noble Creek turnout repairs.

C. Committee Reports: **1) Director Ball** reported on the Capacity Fee Committee meeting. Discussion included demographic information. **2) Director Fenn** stated that he will report during item 6C. No other committees reported.

6. New Business:

A. Consideration and Possible Action on Contracting with Ernst & Young (EY) to Provide Department of Water Resources (DWR) Audit for Independent Audit Association. A staff report and a copy of EY's Statement of Work were included in the agenda package. General Manager Davis stated that this is an annual housekeeping item. Each year the State Water Contractors hire an auditing firm to perform audits of DWR. EY has been doing this for a number of years. The audit is to make sure that SWC are being billed properly. The Agency's share of this cost is \$5,471 - \$6,839. After discussion, Director Castaldo made a motion, seconded by Director Ball, to approve contracting with EY, and to authorize the General Manager to sign the Statement of Work. Motion passed 6-0, with Director Thompson absent.

B. Consideration and Possible Action of Resolution No. 2019-06 Authorizing the General Manager to enter into a Funding Agreement with DWR for Preliminary Planning and Design Costs Related to a New Potential Delta Conveyance Option. A staff report and a draft copy of Resolution No. 2019-06 were included in the agenda packet. General Manager Davis reported that on May 21, 2018, the Board adopted Resolution No. 2018-02 supporting the California WaterFix.; the resolution included "gap funding". The funds provided by the Agency amounted to approximately \$190,000.00, and are related to the Agency's Table A amount. Being that the California WaterFix has been rescinded, those funds cannot be used by DWR without the Agency's authorization. Resolution 2019-06 authorizes DWR to take any necessary actions to direct the gap funding agreement funds to DWR for preliminary planning and design costs incurred after May 2, 2019 and until May 2, 2022 related to a potential new Delta Conveyance project. After discussion, Director Stephenson made a motion, seconded by Director Lehtonen, to approve Resolution 2019-06 and authorize the General Manager to enter into a funding agreement with DWR. Motion passed 6-0, with Director Thompson absent.

C. Consideration and Possible Action to Approve Amendment No. 4 to the Employment Agreement of the General Manager: A staff report and a copy of the proposed Fourth Amendment to the General Manager/Chief Engineer Employment Agreement were included in the agenda packet. Director Fenn (Chair of the General Manager Performance Evaluation Committee) stated that it was discussed during the last employee evaluation meeting that the Agency would extend a cost of living adjustment (COLA) of 2.8% for the General Manager. The Fourth Amendment to the Employment Agreement would provide for an increase in salary to reflect said COLA. President Duncan made a motion, seconded by Director Fenn, to approve the cost of living increase of 2.8%, retroactive to July 1, 2019, to result in an annual salary of \$201,397.02. Motion passed 6-0, with Director Thompson absent.

7. Topics for Future Agendas: None.

8. Announcements:

- A. Finance and Budget Workshop, Friday, July 19, 2019 at 6:00 p.m.
- B. Regular Board Meeting, August 5, 2019 at 1:30 p.m.
- C. Engineering Workshop, August 12, 2019 at 1:30 p.m.

9. Adjournment

Time: 1:54 pm

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

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SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
July 19, 2019

Directors Present: Ron Duncan, President
Lenny Stephenson, Vice President
Steve Lehtonen, Treasurer
Blair Ball, Director; arrived at 6:03 pm
David Castaldo, Director
David Fenn, Director
Mike Thompson, Director

Staff and Consultants Present:
Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Treasurer Steve Lehtonen at 6:00 pm, July 19, 2019, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. Treasurer Lehtonen led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **New Business:**
 - A. Ratification of Paid Invoices and Monthly Payroll for June, 2019 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Fenn, to recommend that the Board ratify paid monthly invoices of \$1,218,230.45 and payroll of \$38,855.62 for the month of June, 2019, for a combined total of \$1,257,086.07. The motion passed 6 in favor, no opposed, with Director Ball not yet arrived.
 - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Duncan, seconded by Director Castaldo, to recommend that the Board approve payment of the pending legal invoice for June, 2019 for \$8,926.59. The motion passed 6 in favor, no opposed, with Director Ball not yet arrived.
 - C. Review of June, 2019 Bank Reconciliation: After review and discussion, a motion was made by Director Castaldo, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Wells Fargo bank

reconciliation for June, 2019 as presented. The motion passed 7 in favor, no opposed.

- D. Review of Unaudited Budget Report for June, 2019: General Manager Jeff Davis explained the purpose for an unaudited report, and briefly highlighted some items. After review and discussion, a motion was made by Director Fenn, seconded by Director Stephenson, to recommend that the Board acknowledge receipt of the Unaudited Budget Report for June, 2019. The motion passed 7 in favor, no opposed.
- E. Review of Unaudited Cash Reconciliation Report for June 30, 2019: Finance Manager Tom Todd introduced the report, and explained that the annual financial audit would likely produce some minor changes to this report. The Board reviewed the report, but the consensus was that no approval was necessary, as this was an interim report.
- F. Review of Unaudited Investment Report for June 30, 2019: Finance Manager Todd reviewed this report, and explained that there might be minor changes as the annual financial audit was completed. The information about the rates and amounts of holdings would not change. The Board reviewed the report, but the consensus was that no approval was necessary, as this was an interim report.
- G. Review of Proposed Debt Service Fund Budget for FY 2019-20: General Manager Davis reviewed the proposed budget. Next, he introduced the annually updated planning document that Finance Manager Todd handed out. This planning document makes numerous assumptions, and projects potential income, expenses and the resulting reserves balance through the year 2035. The Board has used this in the past for guidance in setting the coming year's tax rate. General Manager Davis reviewed the document, and described some potential new uncertainties, including compression of bond payments as the extension of the contract with DWR is delayed, the potential charges to the Agency for the cost of the Oroville repairs, and fixing the effects of subsidence that has occurred throughout the aqueduct. The Board discussed the potential impact of various tax rates. After further review and discussion, the Board directed Staff to prepare 4 versions of the planning document with specific rates for the upcoming Board meeting on August 5.

5. Announcements: Director Lehtonen reviewed the announcements:

- A. Regular Board Meeting, August 5, 2019, 1:30 pm
- B. Water Conservation and Education Workshop, August 8, 2019, 1:30 pm
- C. Engineering Workshop August 12, 2019, 1:30 pm

6. Adjournment: The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 7:38 pm.

Draft - Not
Approved

Jeffrey W. Davis, Secretary of the Board

Finance and Budget Workshop Report

From Treasurer Steve Lehtonen, Chair of the Finance and Budget Committee

The Finance and Budget Workshop was held on July 19, 2019. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,218,230.45 and Payroll of \$38,855.62 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for June, 2019 for a combined total of \$1,257,086.07.

2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$8,926.59
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3. The Board acknowledge receipt of the following:
 - A. Wells Fargo bank reconciliation for June, 2019
 - B. Budget Report for June, 2019

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Ave, Beaumont, CA 92223
Board Finance & Budget Workshop
Agenda
July 19, 2019 at 6:00 p.m.

1. Call to Order, Flag Salute

2. Adoption and Adjustment of Agenda

3. Public Comment: Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on a specific agenda item, please complete a speaker's request form and hand it to the Board secretary. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.

4. New Business (Discussion and possible recommendations for action at a future regular Board meeting)

- A. Ratification of Paid Invoices and Monthly Payroll for June, 2019 by Reviewing Check History Reports in Detail*
- B. Review of Pending Legal Invoices*
- C. Review of June, 2019 Bank Reconciliation*
- D. Review of Unaudited Budget Report for June, 2019*
- E. Review of Unaudited Cash Reconciliation Report for June 30, 2019*
- F. Review of Unaudited Investment Report for June 30, 2019*
- G. Review of Proposed Debt Service Fund Budget for FY 2019-20*

5. Announcements

- A. Regular Board Meeting, August 5, 2019, 1:30 pm
- B. Water Conservation and Education Workshop, August 8, 2019, 1:30 pm
- C. Engineering Workshop August 12, 2019, 1:30 pm

6. Adjournment

***Information Included In Agenda Packet**

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San Geronio Pass Water Agency
Check History Report
June 1 through June 30, 2019

ACCOUNTS PAYABLE

Date	Number	Name	Amount
06/03/2019	119295	BEST BEST & KRIEGER	11,333.17
06/10/2019	119296	ALBERT WEBB ASSOCIATES	2,145.00
06/10/2019	119297	BDL ALARMS, INC.	78.00
06/10/2019	119298	IN-SITU, INC.	25,142.20
06/10/2019	119299	MATTHEW PISTILLI LANDSCAPE SERVICES	890.00
06/10/2019	119300	SOUTHERN CALIFORNIA GAS	41.91
06/10/2019	119301	LEONARD C. STEPHENSON	815.00
06/10/2019	119302	CHERYLE M. STIFF	109.44
06/10/2019	119303	UNDERGROUND SERVICE ALERT	31.45
06/10/2019	119304	UNLIMITED SERVICES BUILDING MAINT.	295.00
06/10/2019	119305	U. S. GEOLOGICAL SURVEY	18,724.62
06/10/2019	119306	VALLEY OFFICE EQUIPMENT, INC.	249.40
06/10/2019	119307	WASTE MANAGEMENT INLAND EMPIRE	97.06
06/17/2019	119308	EADIE AND PAYNE LLP	1,615.00
06/17/2019	119309	ERSC	1,530.00
06/17/2019	119310	FRONTIER COMMUNICATIONS	1,290.35
06/17/2019	119311	MURRAY ELECTRIC, INC.	1,780.00
06/17/2019	119312	NICE-INCONTACT	86.84
06/17/2019	119313	RISK SCIENCES	1,291.75
06/17/2019	119314	THOMAS W. TODD, JR.	596.06
06/17/2019	119315	VISIONARY LOGICS	1,035.37
06/17/2019	119316	WELLS FARGO ELITE CREDIT CARD	4,148.69
06/24/2019	119317	AT&T MOBILITY	206.09
06/24/2019	119318	DAVID TAUSSIG & ASSOCIATES, INC.	4,432.88
06/24/2019	119319	FEDERAL EXPRESS	29.31
06/24/2019	119320	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
06/24/2019	119321	PROVOST & PRITCHARD	1,767.29
06/24/2019	119322	SOUTHERN CALIFORNIA EDISON	226.63
06/26/2019	119323	GOPHER PATROL	602.00
06/26/2019	119324	THOMAS W. TODD, JR.	506.66
06/28/2019	119325	STANDARD INSURANCE COMPANY	454.66
06/14/2019	513597	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,021.45
06/14/2019	557020	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,282.72
06/28/2019	555156	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,021.45
06/28/2019	599351	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,759.36
06/10/2019	900241	CALPERS RETIREMENT	200,000.00
06/14/2019	900242	CALPERS RETIREMENT	5,128.82
06/14/2019	900243	CAL PERS RETIREMENT - SIP-457	1,680.00
06/28/2019	900244	CALPERS RETIREMENT	5,128.82
06/28/2019	900245	CAL PERS RETIREMENT - SIP-457	1,680.00
06/29/2019	900246	DEPARTMENT OF WATER RESOURCES	906,626.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,218,230.45

San Geronio Pass Water Agency
Check History Report
 June 1 through June 30, 2019

PAYROLL

Date	Number	Name	Amount
06/13/2019	801730	BLAIR M. BALL	990.32
06/13/2019	801731	JEFFREY W. DAVIS	4,999.01
06/13/2019	801732	KENNETH M. FALLS	3,051.16
06/13/2019	801733	CHERYLE M. STIFF	2,247.06
06/13/2019	801734	THOMAS W. TODD, JR.	3,684.99
06/27/2019	801735	BLAIR M. BALL	1,237.90
06/27/2019	801736	DAVID J. CASTALDO	2,475.80
06/27/2019	801737	JEFFREY W. DAVIS	4,998.40
06/27/2019	801738	RONALD A. DUNCAN	1,237.90
06/27/2019	801739	KENNETH M. FALLS	3,050.59
06/27/2019	801740	DAVID L. FENN	1,237.90
06/27/2019	801741	STEPHEN J. LEHTONEN	1,237.90
06/27/2019	801742	LEONARD C. STEPHENSON	1,237.90
06/27/2019	801743	CHERYLE M. STIFF	2,246.71
06/27/2019	801744	MICHAEL D. THOMPSON	1,237.90
06/27/2019	801745	THOMAS W. TODD, JR.	3,684.18
TOTAL PAYROLL			38,855.62
TOTAL DISBURSEMENTS FOR JUNE, 2019			1,257,086.07

SAN GORGONIO PASS WATER AGENCY
New Vendors List
July, 2019

Vendor - Name and Address	Expenditure Type
BDL Alarms, Inc. old address: 10420 Beaumont Ave. Suite H, Cherry Valley, CA 92223 new address: 1495 Poppy Ct., Beaumont, CA 92223	Utility

SAN GORGONIO PASS WATER AGENCY

**LEGAL INVOICES
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	190630	LEGAL SERVICES JUN19	8,926.59

TOTAL PENDING INVOICES FOR APPROVAL JULY 2019

8,926.59

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
June 30, 2019**

BALANCE PER BANK AT 06/30/2019 - CHECKING ACCOUNT 169,817.49

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
119317	206.09	119323	602.00
119318	4,432.88	119324	506.66
119321	1767.29	119325	454.66
	<u>6,406.26</u>		<u>1,563.32</u>

TOTAL OUTSTANDING CHECKS -7,969.58

BALANCE PER GENERAL LEDGER 161,847.91

BALANCE PER GENERAL LEDGER AT 05/31/2019 282,343.41

CASH RECEIPTS FOR JUNE 883,734.95

CASH DISBURSEMENTS FOR JUNE

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	-1,218,230.45	
PAYROLL TRANSFER - BANK OF HEMET	<u>-36,000.00</u>	
		<u><u>-1,254,230.45</u></u>

BANK CHARGES 0.00

TRANSFERS FROM TVI 250,000.00

BALANCE PER GENERAL LEDGER AT 06/30/2019 161,847.91

REPORT PREPARED BY:



 Cheryl M. Stiff

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF JUNE 2019**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
6/4/19	CITY OF BANNING	WATER SALES	39,625.00	39,625.00
6/6/19	RIVERSIDE COUNTY	PROPERTY TAXES	262,906.84	262,906.84
6/6/19	STATE OF CALIF/DWR	YUBA REFUND	3,407.85	3,407.85
6/11/19	BCVWD	WATER SALES	517,503.00	517,503.00
6/14/19	YVWD	WATER SALES	17,635.80	17,635.80
6/17/19	RIVERSIDE COUNTY	PROPERTY TAXES	33,566.92	33,566.92
6/20/19	STATE OF CALIF/DWR	OAP NET CREDIT 2017 2018	2,503.00	2,503.00
6/26/19	TVI	CD - BOND INTEREST	6,586.54	6,586.54
TOTAL FOR JUNE 2019			883,734.95	883,734.95

UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2018-19
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - INCOME				Comparison:	0%
INCOME					
WATER SALES	5,600,000		5,600,000	3,831,435.65	31.58%
TAX REVENUE	2,650,000		2,650,000	3,081,116.69	-16.27%
INTEREST	200,000		200,000	348,680.88	-74.34%
DESIGNATED REVENUES	1,750,000		1,750,000	784,812.45	55.15%
CAPACITY FEE	0		0	0.00	
OTHER (REIMBURSEMENTS, TRANSFERS)	29,000		29,000	32,680.50	-12.69%
TOTAL GENERAL FUND INCOME	10,229,000	0	10,229,000	8,078,726.17	21.02%
GENERAL FUND - EXPENSES					
COMMODITY PURCHASE					
PURCHASED WATER	6,000,000		6,000,000	4,060,269.25	32.33%
TOTAL COMMODITY PURCHASE	6,000,000	0	6,000,000	4,060,269.25	32.33%
SALARIES AND EMPLOYEE BENEFITS					
SALARIES	470,000		470,000	471,837.48	-0.39%
PAYROLL TAXES	41,000		41,000	40,282.02	1.75%
RETIREMENT	312,000		312,000	309,658.08	0.75%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	22,000		22,000	19,778.12	10.10%
HEALTH INSURANCE	67,000		67,000	64,668.24	3.48%
DENTAL INSURANCE	4,800		4,800	4,818.00	-0.38%
LIFE INSURANCE	1,600		1,600	1,595.22	0.30%
DISABILITY INSURANCE	5,000		5,000	4,885.14	2.30%
WORKERS COMP INSURANCE	3,700		3,700	3,817.80	-3.18%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	6,474.78	35.25%
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%
TOTAL SALARIES AND EMPLOYEE BENEFITS	938,100	0	938,100	927,814.88	1.10%

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UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2018-19
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	0%
ADMINISTRATIVE & PROFESSIONAL					
DIRECTOR EXPENDITURES					
DIRECTORS FEES	111,000		111,000	108,473.13	2.28%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	6,650.58	55.66%
DIRECTORS MISC. MEDICAL	23,000		23,000	14,125.31	38.59%
OFFICE EXPENDITURES					
OFFICE EXPENSE	22,000		22,000	12,582.18	42.81%
POSTAGE	600		600	670.82	-11.80%
TELEPHONE	12,000		12,000	11,024.57	8.13%
UTILITIES	4,000		4,000	5,187.73	-29.69%
SERVICE EXPENDITURES					
COMPUTER, WEB SITE AND PHONE SUPPORT	9,000		9,000	6,367.23	29.25%
GENERAL MANAGER & STAFF TRAVEL	20,000		20,000	19,354.43	3.23%
INSURANCE & BONDS	24,000		24,000	19,819.00	17.42%
ACCOUNTING & AUDITING	21,000		21,000	21,515.00	-2.45%
STATE WATER CONTRACT AUDIT	5,500		5,500	5,315.00	3.36%
DUES & ASSESSMENTS	31,500		31,500	33,179.50	-5.33%
OUTSIDE PROFESSIONAL SERVICES	10,000		10,000	6,037.01	39.63%
BANK CHARGES	1,500		1,500	674.68	55.02%
MISCELLANEOUS EXPENSES	500		500	40.45	91.91%
MAINTENANCE & EQUIPMENT EXPENDITURES					
TOOLS PURCHASE & MAINTENANCE	500		500	46.30	90.74%
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	4,176.42	40.34%
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	19,283.42	-28.56%
MAINTENANCE & REPAIRS - FIELD	4,000		4,000	2,509.33	37.27%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	59,588.88	60.27%
COUNTY EXPENDITURES					
LAFCO COST SHARE	7,000		7,000	5,286.99	24.47%
ELECTION EXPENSE	125,000		125,000	28,125.97	77.50%
TAX COLLECTION CHARGES	12,500		12,500	10,004.88	19.96%
TOTAL ADMINISTRATIVE & PROFESSIONAL	631,600	0	631,600	400,038.81	36.66%

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UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2018-19
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

19/103

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	0%
GENERAL ENGINEERING					
GRANT WRITER	20,000		20,000	0.00	100.00%
NEW WATER					
PROGRAMATIC EIR	0		0	0.00	
UPDATED STUDY ON AVAILABLE SOURCES	7,500		7,500	6,604.19	11.94%
SGMA SUPPORT	200,000		200,000	2,705.03	98.65%
STUDIES					
USGS	115,000		115,000	80,678.93	29.84%
WATER RATE NEXUS STUDY	25,000		25,000	21,114.23	15.54%
WATER RATE FINANCIAL MODELING	12,000		12,000	4,850.00	59.58%
CAPACITY FEE NEXUS STUDY UPDATE	25,000		25,000	9,632.88	61.47%
WHEELING RATE STUDY	10,000		10,000	0.00	100.00%
OTHER PROJECTS					
BASIN MONITORING TASK FORCE	18,000		18,000	13,712.00	23.82%
EAST BRANCH MEETINGS	18,000		18,000	12,176.30	32.35%
GENERAL AGENCY - CEQA AND GIS SERVICES	10,000		10,000	4,624.00	53.76%
TOTAL GENERAL ENGINEERING	460,500	0	460,500	156,097.56	66.10%
LEGAL SERVICES					
LEGAL SERVICES - GENERAL	190,000		190,000	114,425.49	39.78%
TOTAL LEGAL SERVICES	190,000	0	190,000	114,425.49	39.78%
CONSERVATION & EDUCATION					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	9,500.00	32.14%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.	35,000		35,000	10,000.00	71.43%
TOTAL CONSERVATION & EDUCATION	54,000	0	54,000	19,500.00	63.89%

UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2018-19
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	0%
GENERAL FUND CAPITAL EXPENDITURES					
BUILDING & EQUIPMENT					
BUILDING	10,000		10,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	10,000		10,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	
TRANSPORTATION EQUIPMENT	0		0	0.00	
FIESTA RECHARGE FACILITY					
POST DESIGN	450,000		450,000	322,472.52	28.34%
CONSTRUCTION	3,950,000		3,950,000	2,357,281.82	40.32%
FENCING	100,000		100,000	0.00	100.00%
MITIGATION	15,000		15,000	0.00	100.00%
LANDSCAPING/POWER/WATER	60,000		60,000	0.00	100.00%
BUNKER HILL CONJUNCTIVE USE PROJECT	10,000		10,000	0.00	100.00%
NOBLE TURNOUT EXPANSION					
DESIGN	25,000		25,000	13,840.48	44.64%
CONSTRUCTION	295,000		295,000	407,080.00	-37.99%
POST DESIGN	30,000		30,000	23,703.28	20.99%
SITES RESERVOIR	0		0	615,291.00	
MONITORING WELLS USGS	1,020,000		1,020,000	827,176.12	18.90%
TOTAL GENERAL FUND CAPITAL EXPENDITURES	5,975,000	0	5,975,000	4,566,845.22	23.57%
TRANSFERS TO OTHER FUNDS	0		0	0.00	
TOTAL GENERAL FUND EXPENSES	14,249,200	0	14,249,200	10,244,991.21	28.10%
WITHDRAWALS FROM RESERVES	4,575,000		4,575,000		
TOTAL TRANSFERS TO/FROM RESERVES	4,575,000		4,575,000	0.00	
GENERAL FUND NET INCOME YEAR TO DATE	554,800	0	554,800	-2,166,265.04	

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UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2018-19
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
DEBT SERVICE FUND - INCOME				Comparison:	0%
INCOME					
TAX REVENUE	23,586,539		23,586,539	24,469,415.13	-3.74%
INTEREST	415,000		415,000	784,368.13	-89.00%
GRANTS	0		0	0.00	
DWR CREDITS - BOND COVER, OTHER	2,977,993		2,977,993	3,102,175.22	-4.17%
TOTAL DEBT SERVICE FUND INCOME	26,979,532	0	26,979,532	28,355,958.48	-5.10%
DEBT SERVICE FUND - EXPENSES					
EXPENSES					
SALARIES	58,000		58,000	58,239.48	-0.41%
PAYROLL TAXES	4,500		4,500	4,455.08	1.00%
BENEFITS	33,000		33,000	53,465.90	-62.02%
SWC CONTRACTOR DUES	75,000		75,000	101,485.64	-35.31%
STATE WATER CONTRACT PAYMENTS	19,200,000		19,200,000	19,219,405.00	-0.10%
WATER TRANSFERS	2,250,000		2,250,000	2,249,470.50	0.02%
STATE WATER PROJECT LEGAL SERVICES	0		0	1,823.84	
USGS	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	59,588.88	60.27%
SWP ENGINEERING	75,000		75,000	475,299.35	-533.73%
DEBT SERVICE UTILITIES	11,000		11,000	10,207.38	7.21%
TAX COLLECTION CHARGES	70,000		70,000	67,255.42	3.92%
TOTAL DEBT SERVICE FUND EXPENSES	21,926,500	0	21,926,500	22,300,696.47	-1.71%
TRANSFERS FROM RESERVES	0		0	0.00	
DEBT SERVICE NET INCOME YEAR TO DATE	5,053,032	0	5,053,032	6,055,262.01	

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UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
CASH RECONCILIATION REPORT
FY 2018-19
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

DEBT SERVICE FUND - RESTRICTED

BEGINNING BALANCE - JULY 1, 2018		
RESERVE FOR STATE WATER PROJECT	<u>44,426,814</u>	
DEBT SERVICE ACTIVITY		
DEBT SERVICE DEPOSITS		
PROPERTY TAX - DEBT SERVICE DEPOSITS	24,469,415	
INTEREST INCOME	784,368	
DWR REFUNDS	3,102,175	
DEBT SERVICE DISBURSEMENTS	(22,300,696)	
ENDING RESTRICTED FUNDS BALANCE - - - 6/30/19	<u>50,482,076</u>	<u>50,482,076</u>

GENERAL FUND - UNRESTRICTED

BEGINNING BALANCE - JULY 1, 2018	<u>18,694,651</u>	
GENERAL FUND ACTIVITY		
GENERAL FUND DEPOSITS		
WATER SALES	3,831,436	
PROPERTY TAX - GENERAL PURPOSE DEPOSITS	3,081,117	
INTEREST INCOME	348,681	
OTHER INCOME	817,493	
CHANGE IN RECEIVABLES	595,212	
GENERAL FUND DISBURSEMENTS		
CHANGE IN LIABILITIES	(2,106,574)	
CHANGE IN CAPITAL ASSETS	(4,984,410)	
OPERATING EXPENDITURES	(5,259,719)	
ENDING UNRESTRICTED FUNDS BALANCE - - - 6/30/19	<u>15,017,886</u>	<u>15,017,886</u>
TOTAL CASH - - - 6/30/19		<u>65,499,962</u>

LOCATION OF CASH - - - 6/30/19

PETTY CASH	100
CASH IN WELLS FARGO CHECKING ACCOUNT	161,848
CASH IN BANK OF HEMET CHECKING ACCOUNT	9,288
BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT	514,539
LOCAL AGENCY INVESTMENT FUND	21,217,212
CALTRUST	20,566,975
TIME VALUE INVESTMENTS	23,030,000

TOTAL - - - 6/30/19		<u>65,499,962</u>
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UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
CASH RECONCILIATION REPORT
FY 2018-19
BY QUARTER**

	SEP 30, 18	DEC 31, 18	MAR 31, 19	JUN 30, 19
<u>DEBT SERVICE FUND - RESTRICTED</u>				
BEGINNING BALANCE - JULY 1, 2018				
RESERVE FOR STATE WATER PROJECT	44,426,814	44,426,814	44,426,814	44,426,814
DEBT SERVICE ACTIVITY				
DEBT SERVICE DEPOSITS				
PROPERTY TAX - D. S. DEPOSITS	1,172,878	5,933,665	13,951,517	24,469,415
INTEREST INCOME	220,596	394,360	625,068	784,368
DWR REFUNDS	29,037	1,459,773	1,459,773	3,102,175
DEBT SERVICE DISBURSEMENTS	(12,252,526)	(13,250,274)	(20,148,881)	(22,300,696)
<u>ENDING RESTRICTED FUNDS BALANCE</u>	<u>33,596,799</u>	<u>38,964,338</u>	<u>40,314,291</u>	<u>50,482,076</u>
<u>GENERAL FUND - UNRESTRICTED</u>				
BEGINNING BALANCE - JULY 1, 2018	18,694,651	18,694,651	18,694,651	18,694,651
GENERAL FUND ACTIVITY				
GENERAL FUND DEPOSITS				
WATER SALES	773,291	1,912,747	2,679,548	3,831,436
PROPERTY TAX - GENERAL DEPOSITS	199,398	912,110	1,763,163	3,081,117
INTEREST INCOME	94,541	196,023	283,615	348,681
OTHER INCOME	27,241	27,521	812,699	817,493
CHANGE IN RECEIVABLES	595,212	595,212	595,212	595,212
GENERAL FUND DISBURSEMENTS				
CHANGE IN LIABILITIES	(2,096,763)	(2,107,820)	(2,113,323)	(2,106,574)
CHANGE IN CAPITAL ASSETS	(88,730)	(1,729,305)	(3,277,015)	(4,984,410)
OPERATING EXPENDITURES	(744,751)	(2,097,733)	(2,790,868)	(5,259,719)
<u>ENDING UNRESTRICTED FUNDS BALANCE</u>	<u>17,454,091</u>	<u>16,403,406</u>	<u>16,647,682</u>	<u>15,017,886</u>
<u>TOTAL CASH - END OF QUARTER</u>	<u>51,050,890</u>	<u>55,367,744</u>	<u>56,961,973</u>	<u>65,499,962</u>
<u>CASH AND INVESTMENTS</u>				
PETTY CASH	100	100	100	100
CASH IN W. F. CHECKING ACCOUNT	219,391	142,548	332,981	161,848
CASH IN B. OF H. CHECKING ACCOUNT	13,898	17,216	20,991	9,288
BANK OF HEMET L A M M A	512,045	512,902	513,706	514,539
LOCAL AGENCY INVESTMENT FUND	12,085,157	11,328,913	12,617,212	21,217,212
CALTRUST	20,212,299	20,327,065	20,442,983	20,566,975
TIME VALUE INVESTMENTS	18,008,000	23,039,000	23,034,000	23,030,000
<u>TOTAL - END OF QUARTER</u>	<u>51,050,890</u>	<u>55,367,744</u>	<u>56,961,973</u>	<u>65,499,962</u>

UNAUDITED

**SAN GORGONIO PASS WATER AGENCY
INVESTMENT REPORT
FY 2018-19
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019**

Accounting convention defines Current Assets as assets that can be liquidated within 1 year. By this definition, funds invested in Wells Fargo accounts, Bank of Hemet accounts, LAIF and CalTRUST accounts would all be considered Current Assets, or short-term investments.

The Agency categorizes its investments into three groups: Short-Term (can be liquidated or mature in 1 year); Medium-Term (mature in more than 1 year up to 5 years) and Long-Term (mature after 5 years).

For the purposes of this report, a "Hybrid" category is included for investments that can be liquidated in a year, but whose underlying securities may mature in more than one year. LAIF and CalTRUST both fall into this category.

This report includes a summary of cash and investments, and a detail of investments by category. The summary can be compared to the Cash Reconciliation Report. The detail of investments may differ slightly from the summary, due to rounding differences. This report also includes charts to show graphically the different investment categories, and what they are earning.

CASH AND INVESTMENT SUMMARY

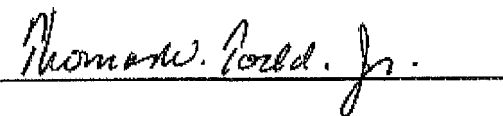
LOCATION - INSTITUTION

PETTY CASH	100
CASH IN CHECKING ACCOUNTS	171,136
BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT	514,539
LOCAL AGENCY INVESTMENT FUND	21,217,212
CALTRUST SHORT-TERM	5,266,702
CALTRUST MEDIUM-TERM	15,300,272
TIME VALUE INVESTMENTS	23,030,000
US TREASURY	-

TOTAL **65,499,962**

ALL INVESTMENTS LISTED ON THE INVESTMENT REPORT AND HELD BY THE SAN GORGONIO PASS WATER AGENCY ARE IN COMPLIANCE WITH THE AGENCY'S STATEMENT OF INVESTMENT POLICY.

THE AGENCY CAN MEET ITS EXPENDITURE REQUIREMENTS FOR THE NEXT SIX MONTHS.



July 15, 2019

UNAUDITED**SAN GORGONIO PASS WATER AGENCY****INVESTMENT REPORT****FY 2018-19****FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019****INVESTMENT DETAIL****SHORT-TERM**

INSTITUTION	Account	YIELD RATE	STATEMENT DATE	CURRENT VALUE
Bank of Hemet	Local Agency Money Market	0.65%	6/30/19	514,539.41

BROKER: TIME VALUE INVESTMENTS T-BILLS

ISSUER	PURCHASE AMOUNT	YIELD RATE	MATURITY DATE	FACE VALUE	CURRENT VALUE
US Treasury	4,999,826.77	2.35%	7/5/19	5,029,000.00	5,027,893.62

HYBRID

INSTITUTION	Account	YIELD RATE	STATEMENT DATE	BOOK VALUE	CURRENT VALUE
State of California	LAIF	2.57%	* 6/30/19	21,217,211.83	21,217,211.83
CalTRUST	Short-Term	2.55%	* 6/30/19	5,266,702.21	5,277,287.35
CalTRUST	Medium-Term	2.28%	* 6/30/19	15,300,272.29	15,345,499.41

*Average for June, 2019

MEDIUM-TERM**BROKER: TIME VALUE INVESTMENTS BONDS**

ISSUER	TYPE	PURCHASE AMOUNT	YIELD to Maturity	MATURITY DATE	FACE VALUE	CURRENT VALUE
FFCB	Callable*	1,001,474	1.00%	7/12/19	1,000,000	999,610.00
FFCB	Callable*	1,000,770	1.36%	3/2/20	1,000,000	996,010.00
FNMA	Callable*	1,050,000	1.40%	11/25/20	1,050,000	1,042,965.00
FHLB	Callable*	1,998,676	2.50%	8/20/21	2,000,000	2,001,500.00
FHLB	Callable*	1,995,298	2.13%	6/29/22	2,050,000	2,051,500.00
FHLB	Callable*	973,769	2.63%	10/11/23	1,000,000	996,080.00
TOTALS		8,019,987	1.95%		8,100,000	8,087,665.00

* Can be redeemed before maturity date.

BROKER: TIME VALUE INVESTMENTS CDs

ISSUER	PURCHASE AMOUNT	YIELD RATE	MATURITY DATE	FACE VALUE	CURRENT VALUE
Various banks	9,901,000	2.38%	2-22 months	9,901,000	9,937,550.26

LONG-TERM*The Agency has no Long-Term investments at the date of this report.***PERCENTAGE OF PORTFOLIO**

LAIF	US Treasury	CDs	Bonds	Money Market
32%	8%	15%	12%	31%

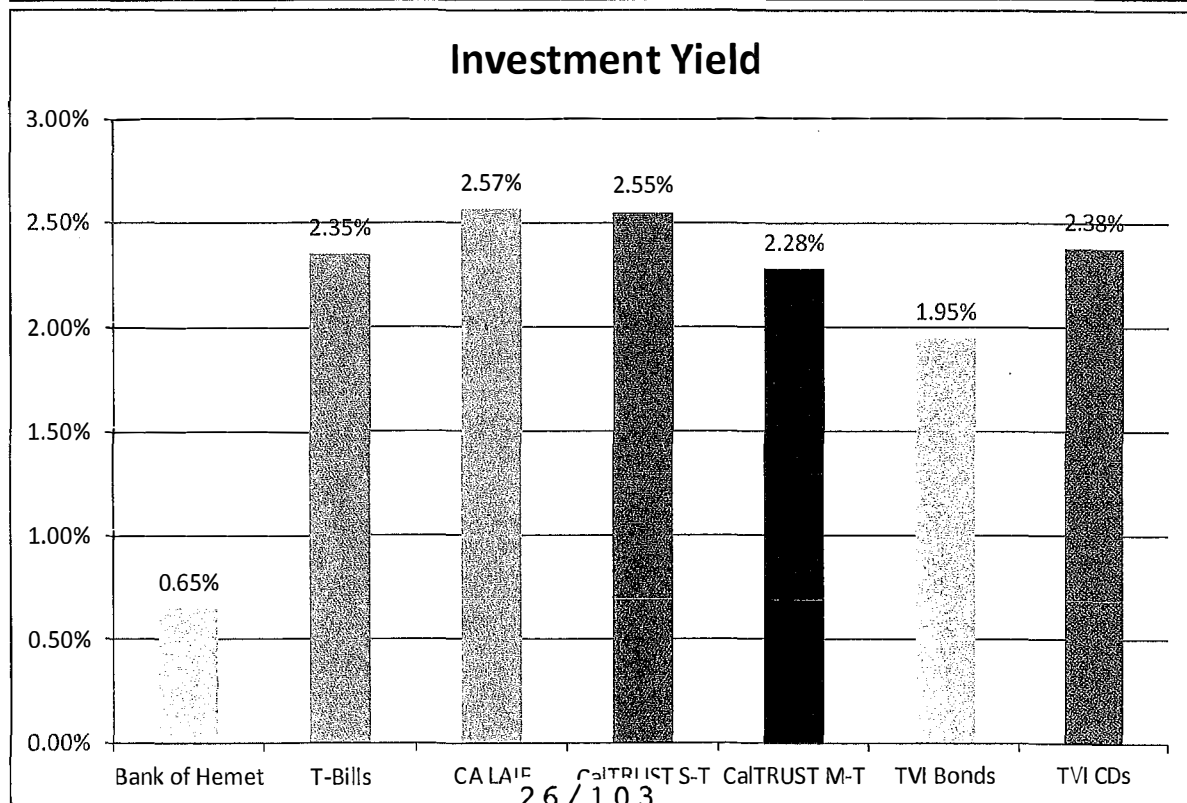
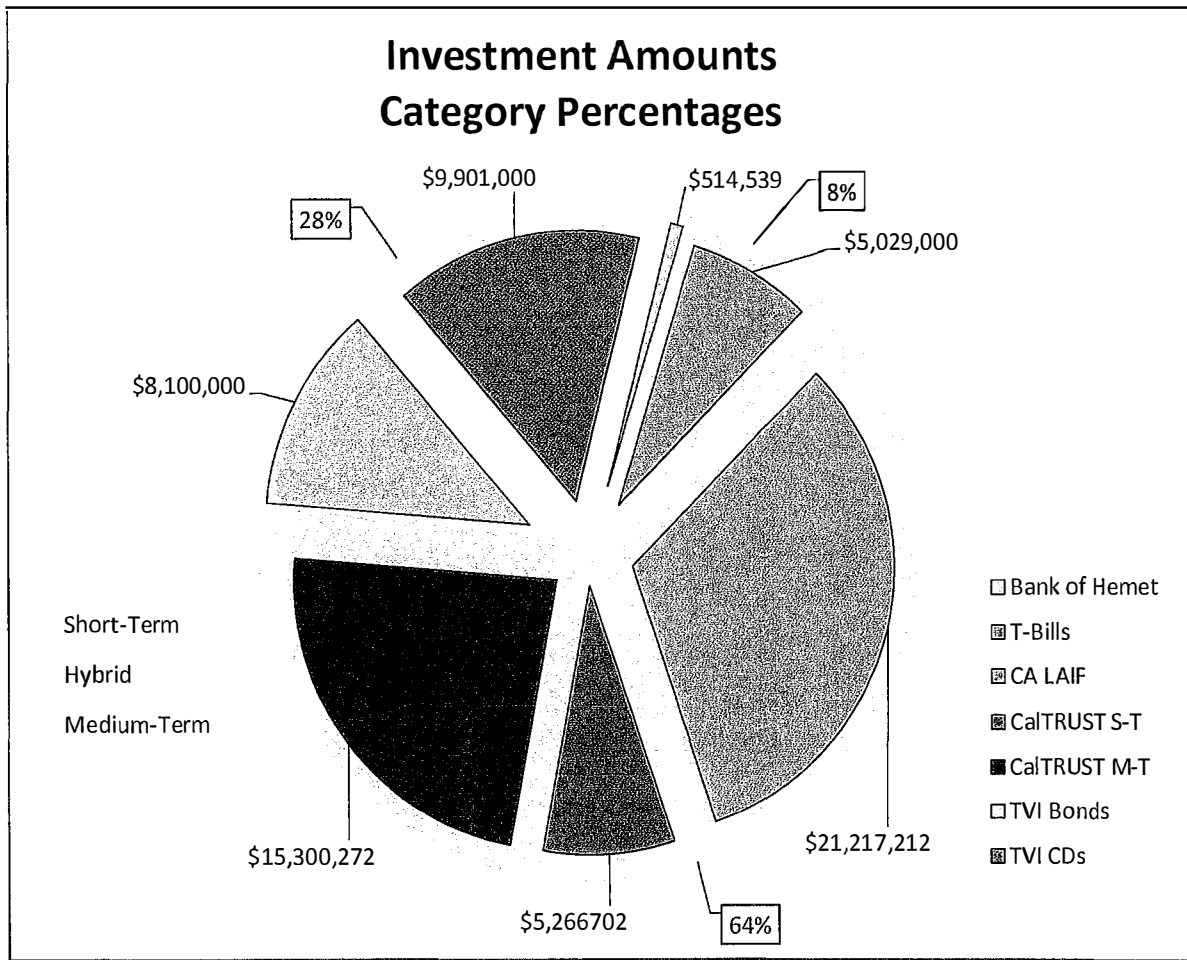
UNAUDITED

SAN GORGONIO PASS WATER AGENCY

INVESTMENT REPORT

FY 2018-19

FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2019



SAN GORGONIO PASS WATER AGENCY			
DEBT SERVICE EXPENSE REQUIREMENTS			
FOR THE FISCAL YEAR 2019-20			
DEBT SERVICE EXPENDITURES			
DEPARTMENT OF WATER RESOURCES - STATEMENT OF CHARGES			
	INVOICE NUMBER	FOR THE PERIOD JUL - DEC 19	FOR THE PERIOD JAN - JUN 20
	xx-022-T - ATTACHMENT 1 (Water Supply)	3,739,933	3,760,080
	xx-005-DCC - ATTACHMENT 1A (Devil Canyon)	153,616	153,139
	xx-020-O - ATTACHMENT 1-1 (OAP)	897	8,567
	xx-087-U - ATTACHMENT 1-2 (RAS)	0	0
	xx-002-X - ATTACHMENT 1-5 (EBX)	9,881,702	4,677,144
	xx-012-TAB - ATTACHMENT 1-6 (TEHACHAPI)	22,084	16,965
	DWR FIXED CHARGES	13,798,232	8,615,895
	TOTAL DWR STATEMENT OF CHARGES		22,414,127
	OTHER DWR CHARGES		
	Delta Conveyance Project - Gap Funding		1,700,000
	Sites Reservoir - Interest Only		328,000
	TOTAL OTHER CHARGES		2,028,000
	TOTAL PROJECTED DWR EXPENDITURES		24,500,000
	ADDITIONAL DEBT SERVICE EXPENSES		
	Debt Service Salaries		60,000
	Debt Servie Payroll Taxes		4,700
	Debt Service Benefits		74,000
	Debt Service Utilities		11,000
	State Water Contractor Dues		75,000
	SWP Legal Services		0
	EBX Contract Operations		125,000
	SWP Engineering and Maintenance		450,000
	U.S.G.S Contract		0
	Delta Conveyance Facility Authority		40,000
	Tax Collection Charges		70,000
	TOTAL ADDITIONAL EXPENSES		909,700
	WATER TRANSFERS		
	Ventura Water Transfer		1,100,000
	Casitas Water Transfer		525,000
	TOTAL WATER TRANSFERS		1,625,000
	GRAND TOTAL DEBT SERVICE EXPENDITURES		27,034,700

SAN GORGONIO PASS WATER AGENCY				
DEBT SERVICE EXPENSE REQUIREMENTS				
FOR THE FISCAL YEAR 2019-20				
DEBT SERVICE REVENUE				
ESTIMATED DWR REFUNDS + INTEREST				
				2,951,777
				80,000
				3,031,777
				650,000
				3,681,777
DEBT SERVICE TAX REVENUE				
			24,469,415	
			(400,000)	
			24,069,415	
			1,318,872	
			32,972	
			1,351,844	
		18.25		24,671,151
				24,671,151
				28,352,928
				1,318,228

General Manager's Report

August 5, 2019

1. Operations—We are currently delivering 21 cfs—one cfs to YVWD and 20 cfs to BCVWD at Noble. All East Branch Contractors are cut back to their proportionate share of capacity because a key reach, Reach 22B, in the High Desert, is at its full capacity of 2010 cfs. The Agency owns 1.041% of the reach, which equates to 21 cfs. This is not an East Branch Extension issue. This is an East Branch issue and impacts nine Contractors. It is unknown how long this will last. Staff is trying to obtain additional information regarding this and will participate in a conference call later this week to learn more.
 - a. Staff is developing a start-up testing protocol for the Mountain View connection and the Fiesta recharge facility. Edison still has not energized the connection site. The Agency applied to Edison for power at this site in February. Edison has asked that its lock be put on the gate so that it can access the site when the time comes. Staff has been told that Edison should act no later than next week.
 - b. Staff has developed a tentative delivery schedule for the rest of the year, assuming the Board approves actions in today's agenda package, and has sent it to DWR.
 - c. Staff is sending out next year's water order requests this week; these are due back from retail water agencies by September 1.
2. SWP Issues
 - a. Negotiations have begun between DWR and the Contractors for a Delta Conveyance contract amendment. The first two sessions have been held. Documents from these two sessions are included in the agenda package for information. These are expected to last at least through August and likely into September.
 - b. Opponents of SB 1 are still working hard to get the Endangered Species Act sections deleted from the bill. Indications are that we are having some success. Meetings have been held with legislators and their staffs and our concerns are being heard and taken seriously.



State Water Project Contract Amendment for Delta Conveyance

Meeting #1 Agenda
July 24, 2019
10:00 am – TBD based on progress
DoubleTree by Hilton Hotel
2001 Point W Way
Sacramento, CA

Phone Line: 719-359-4032

Access Code: 474346#

Webinar: <http://kearnswest.adobeconnect.com/deltaconveyance/>

Documents can be found at: <https://cadwr.box.com/s/irusyewojv4nwzmxzfzngghzmgli9sswcw>

Public comments can be submitted to: Brian.Heiland@water.ca.gov

For more information: <https://water.ca.gov/Programs/State-Water-Project/Management/Delta-Conveyance-Amendment>

Agenda

Meeting Objectives

- Confirm Objectives for Negotiation Process
- Establish Scope of Negotiation
- Discuss Cost Allocation
- Determine Next Steps

I. Welcome/Introductions

II. Meeting Overview

- a. Meeting Process and Ground Rules
- b. Structure and Format
- c. Agenda Review

Note:

- i. Any party can call a caucus at any time.
- ii. Meetings will end at 3:00pm, or when business is completed, or by mutual agreement.
- iii. Public comment period will occur at the end of 30 / 103 negotiation meeting.

III. Confirm Objectives

IV. Establish Scope of Negotiation

LUNCH (not provided)

V. Discuss Cost Allocation

VI. Next Steps

- a. Future Agenda Topics, Proposed Schedule, Determine Technical Meeting Needs
- b. Review Actions, Agenda Topics for Next Meeting

VII. Public Comment

- a. The comment period is designed for input and not for exchanges with the negotiators, therefore the negotiators will listen to comments without responding.
- b. Please focus comments on the topics covered in today's negotiation session.
- c. Members of the public present in person and interested in speaking will have 3 minutes or less depending on the number of people wanting to provide public comment. The time available for each speaker will be determined at the beginning of the public comment period.

VIII. Adjourn

Note:

- i. Any party can call a caucus at any time.
- ii. Meetings will end at 3:00pm, or when business is completed, or by mutual agreement.
- iii. Public comment period will occur at the end of the 3 1 / 1 0 3 negotiation meeting.

To: Department of Water Resources
FROM: State Water Contractors¹
DATE: July 24, 2019
SUBJECT: PWAs' First Offer for a potential Delta Conveyance Contract Amendment of the State Water Project² Contracts

This "First Offer" contains a proposed cost allocation and participation framework for a potential new Delta Conveyance Project that could provide the foundation for an Agreement-in-Principle among the State Water Project Contractor Public Water Agencies³ (PWAs) and the Department of Water Resources (DWR) that, upon approval of a Delta Conveyance Project, could lead to an amendment of the State Water Project Contracts.

The PWAs' First Offer is organized as follows:

- I. Overall Objective Statement
- II. Cost Allocation and Participation Framework
- III. Contents of An Agreement-in-Principle

¹ The SWC organization is a nonprofit mutual benefit corporation that represents and protects the common interests of its 27 member public agencies in the vital water supplies provided by California's State Water Project ("SWP"). Each of the SWC member agencies holds a contract with the California Department of Water Resources ("DWR") to receive water supplies from the SWP. Collectively, the SWC members deliver water to more than 25 million residents throughout the state and more than 750,000 acres of agricultural lands. SWP water is served from the San Francisco Bay Area, to the San Joaquin Valley and the Central Coast, to Southern California. The SWC's members are: Alameda County Flood Control and Water Conservation District Zone 7; Alameda County Water District; Antelope Valley-East Kern Water Agency; Casitas Municipal Water District; Central Coastal Water Authority; City of Yuba City; Coachella Valley Water District; County of Kings; Crestline-Lake Arrowhead Water Agency; Desert Water Agency; Dudley Ridge Water District; Empire-West Side Irrigation District; Kern County Water Agency; Littlerock Creek Irrigation District; Metropolitan Water District of Southern California; Mojave Water Agency; Napa County Flood Control and Water Conservation District; Oak Flat Water District; Palmdale Water District; San Bernardino Valley Municipal Water District; San Gabriel Valley Municipal Water District; San Geronimo Pass Water Agency; San Luis Obispo County Flood Control & Water Conservation District; Santa Clara Valley Water District; Solano County Water Agency; Santa Clarita Valley Water Agency; and Tulare Lake Basin Water Storage District.

² The State Water Project is the name commonly used to refer to the State Water Resources Development System (Water Code Section 12931)

³ In general, the State Water Project Contractor Public Water Agencies (PWAs) includes the SWC organization's 27 member public agencies, Butte County Water and Resource Conservation, and Plumas County Flood Control and Water Conservation District. However, this First Offer does not include input from County of Kings, Littlerock Creek Irrigation District, and Plumas County Flood Control and Water Conservation District and therefore does not necessarily represent the views of those PWAs.

IV. Environmental Review

I. Overall Objective Statement:

“Develop an agreement between State Water Project Contractor Public Water Agencies and the Department of Water Resources to equitably allocate costs and benefits of a potential Delta Conveyance Project.”

II. Cost Allocation and Participation Framework

A. Proposed Framework

The PWAs propose an “Opt-In” approach where each “Participating PWA” opts to participate in a Delta Conveyance Project at a level in proportion to at least its Agricultural or M&I amount of its contract. Key concepts associated with this proposed framework are:

- Delta Conveyance Project is an SWP facility that will be integrated with the existing SWP.
- Delta Conveyance Project Water is established as a new type of SWP project water that represents the additional amount of total SWP water that can be conveyed with the Delta Conveyance Project compared to the amount that can be conveyed without the Delta Conveyance Project.
- Delta Conveyance Project Water and rights to use available capacity in the Delta Conveyance Project, as well as capital costs for the Delta Conveyance Project, shall be allocated to each Participating PWA in proportion to its participation level.
- Participating PWAs will return to the State all capital, operations, maintenance, power and replacement (OMP&R) and variable costs for the Delta Conveyance Project.
- “Non-Participants” that make arrangements to use available capacity will contract with the State for that use and pay all associated capital, operations,

maintenance, power and replacement (OMP&R), and variable costs and charges. Revenue received from Non-Participant use will be credited against all Participating PWAs' charges.

- The five North of Delta PWAs will not participate in the Delta Conveyance Project and will be excluded from payment of capital, operations, maintenance, power and replacement (OMP&R) costs for the Delta Conveyance Project.

B. Participation Levels

The PWA staff have begun preliminary analyses of the costs and benefits of generic Delta Conveyance facilities of different capacities, based on information derived from the prior California WaterFix Project. Depending on the capacity and estimated costs of the delta conveyance project to be proposed, PWA staff believe that the Opt-In Framework will result in sufficient PWA participation to fully fund a cost-effective Delta Conveyance Project.

When a proposed Delta Conveyance Project is identified, affordability and estimated PWA participation will be specifically evaluated, and a participation level identified for each Participating PWA for the purpose of allocating the project's benefits and capital costs, and informing the CEQA analysis. The following table will be populated to show the participation level as a percentage for each PWA, with "0" indicating no participation.

The PWA staff expect the development of the participation levels to be an iterative process as the proposed project description is developed, and as each PWA Board considers and decides on a final participation level.

PWA	Participation Level (%)
Alameda County Flood Control and Water Conservation District Zone 7	
Alameda County Water District	
Antelope Valley-East Kern Water Agency	
City of Yuba City	0
Coachella Valley Water District	
County of Butte	0
County of Kings- Government Center	

PWA	Participation Level (%)
Crestline-Lake Arrowhead Water Agency	
Desert Water Agency	
Dudley Ridge Water District	
Empire West Side Irrigation District	
Kern County Water Agency	
Littlerock Creek Irrigation District	
Metropolitan Water District of Southern California	
Mojave Water Agency	
Napa County Flood Control and Water Conservation District	0
Oak Flat Water District	
Palmdale Water District	
Plumas County Flood Control and Water Conservation District	0
San Bernardino Valley Municipal Water District	
San Gabriel Valley Municipal Water District	
San Geronio Pass Water Agency	
San Luis Obispo County Flood Control and Water Conservation District	
Santa Barbara County Flood Control and Water Conservation District	
Santa Clara Valley Water District	
Santa Clarita Valley Water Agency	
Solano County Water Agency	0
Tulare Lake Basin Water Storage District	
Ventura County Watershed Protection District	
Total:	100

C. Alternative Framework

For purposes of CEQA analysis, the PWAs may propose that an alternative cost allocation approach be include in the AIP and evaluated in the EIR.

III. Contents of an Agreement-in-Principle

Discussions and negotiations with DWR will result in an Agreement-in-Principle (AIP) that will establish key terms for a proposed contract amendment or other necessary agreement. The PWAs propose that the AIP include the following:

- Definition of proposed project, to include:
 - Project objectives
 - Capacity
 - General configuration (alignment, number of intakes, tunnels, pump stations, etc.)
- Description of Opt-In Framework – General description and key concepts associated with the Opt-In cost allocation framework
- Schedule of PWA Participation – Table showing the participation level as a percentage for each Participating PWA for the purpose of allocating benefits and capital costs of the Delta Conveyance Project.
- Cost Accounting Principles – Principles addressing the allocation of capital, operations, maintenance, power and replacement (OMP&R) and variable costs for the Delta Conveyance Project among the Participating PWAs as well as to Non-Participants that make arrangements for use of available capacity in the Project.
- Water Accounting/Forecasting/Administration Principles – Principles addressing accounting and forecasting to quantify the water supply benefits of the Delta Conveyance Project.
- General Operations Principles, to include such issues as
 - Delivery priority,
 - Use of available capacity in the Delta Conveyance Project,
 - Use of San Luis Reservoir,
 - Carriage Water savings

- Alternative Framework – General description and key concepts associated with an alternative cost allocation methodology for CEQA purposes.
- Dispute Resolution – Description of a dispute resolution process to be used to resolve disputes related to accounting for Delta Conveyance costs and benefits.

IV. Environmental Review

The PWAs understand that at this time DWR has not proposed a Delta Conveyance Project and that any proposed Delta Conveyance Project is subject to environmental review pursuant to the California Environmental Quality Act (CEQA) and DWR's independent judgment following that review whether or not to approve a Delta Conveyance Project and Contract Amendment. Similarly, the PWAs will exercise their independent judgment after considering the CEQA review whether or not to approve a Delta Conveyance Contract Amendment. Nothing in this offer or in any subsequent AIP resulting from this offer and negotiations shall be construed to predetermine DWR's and the PWAs decisions after completion of the CEQA process and DWR and the PWAs may determine, consistent with the completed analysis under CEQA, that no Delta Conveyance Project and Delta Conveyance Contract Amendment shall be approved.

Consistent with this understanding, the PWAs offer the following language for inclusion in any AIP that may result from this offer and subsequent negotiations:

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

including proposed contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.

At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and contract amendments, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendments or to approve an alternative project.

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



State Water Project (SWP) Contract Amendment for Delta Conveyance July 24, 2019 Meeting Summary

Draft Meeting Attendance List

California Department of Water Resources

Lead Negotiators

Brian "BG" Heiland, California
Department of Water Resources
John Leahigh, California Department
of Water Resources
Tripp Mizell, California Department of
Water Resources
Dave Paulson, California Department
of Water Resources
Carl Torgersen, California Department
of Water Resources
Pedro Villalobos, California
Department of Water Resources
Molly White, California Department of
Water Resources

California Department of Water Resources

Staff

Ted Alvarez (by phone), California
Department of Water Resources
Vinay Behl, California Department of
Water Resources
Stan Dirks, Orrick, on behalf of the
California Department of Water
Resources
Terri Ely (by phone), California
Department of Water Resources
Avery Estrada, California Department
of Water Resources
Tasmin Eusuff, California Department
of Water Resources
Ed Gee, California Department of
Water Resources
Katie Hansen, California Department
of Water Resources

Spencer Kenner, California
Department of Water Resources
Gary Lippner, California Department of
Water Resources
Mahmoud Mabrouk, California
Department of Water Resources
Jagruti Maroney, California
Department of Water Resources
Christopher Martin, California
Department of Water Resources
Julie Mattox, California Department of
Water Resources
David Rizzardo, California Department
of Water Resources
David Sandino, (by phone) California
Department of Water Resources
Michelle Silva, California Department
of Water Resources
Amardeep Singh, California
Department of Water Resources
Russell Stein (by phone), California
Department of Water Resources
Lisa Toms, California Department of
Water Resources
Bryan Victor, Orrick, on behalf of
California Department of Water
Resources

Public Water Agencies (PWAs) Lead

Negotiators

Steve Arakawa, Metropolitan Water
District of Southern California
James Chaisson (by phone), Littlerock
Creek Irrigation District
Robert Cheng, Coachella Valley Water
District
Curtis Creel, Kern County Water
Agency

Jeff Davis, San Geronio Pass Water Agency
 Dan Flory, Dudley Ridge Water District
 Mark Gilkey, County of Kings, Empire West Side Irrigation District, and Tulare Lake Basin Water Storage District
 Paul Gosselin, County of Butte, Butte County Water and Resource Conservation
 Garth Hall, Santa Clara Valley Water District
 Laura Hidas, Alameda County Water District
 Dirk Marks, Santa Clarita Valley Water Agency
 Tom McCarthy, Mojave Water Agency
 Phillip Miller, Napa County Flood Control and Water Conservation District
 Thomas Pate, Solano County Water Agency
 Jon Pernula (by phone), Palmdale Water District
 Valerie Pryor, Alameda County Flood Control and Water Conservation District, Zone 7
 Ray Stokes, Central Coast Water Authority
 Wes Thomson (by phone), San Luis Obispo County Flood Control and Water Conservation District
 Bob Tincher, San Bernardino Valley Municipal Water District
 Greg Young, City of Yuba City

Amparo Flores (by phone), Zone 7
 Anthony Fulcher, Santa Clara Valley Water District
 Steve Inn (by phone), Alameda County Water District
 Dana Jacobson, Santa Clara Valley Water District
 Cindy Kao, Santa Clara Valley Water District
 Adam Kear, Metropolitan Water District of Southern California
 Matthew Knudson, Antelope Valley-East Kern Water Agency
 Theresa Lightle, State Water Contractors
 Holly Melton (by phone), Kern County Water Agency
 Marty Milobar, Kern County Water Agency
 Amelia Minaberrigarai (by phone), Kern County Water Agency
 Stef Morris, Metropolitan Water District of Southern California
 Ted Page, Kern County Water Agency
 Jennifer Pierre, State Water Contractors
 Julie Ramsay, State Water Contractors
 David Reukema (by phone), Metropolitan Water District of Southern California
 Jack Safely, Metropolitan Water District of Southern California
 Russell Ryan (by phone), Metropolitan Water District of Southern California
 Linda Standlee, State Water Contractors
 Craig Wallace, Kern County Water Agency
 Brent Walthall, Kern County Water Agency
 Sherri Weiss (by phone), San Luis Obispo County Flood Control and Water Conservation District
 Jacob Westra (by phone), Tulare Lake Basin Water Storage District
 Charles Wulff, Kern County Water Agency

Public Water Agencies Staff

Bruce Alpert (by phone), Butte County
 Adnan Anabtawi (by phone), Mojave Water Agency
 Joseph Byrne, State Water Contractors
 Kathy Cortner, Mojave Water Agency
 Jaime Daïda, Metropolitan Water District of Southern California
 Kevin Donhoff, Metropolitan Water District of Southern California
 Allison Febbo, State Water Contractors

Members of the Public

Charlotte Allen, Sierra Club California
 John Armstrong, Western States
 researcher
 Dan Bacher, fishsniffer.com
 Michael Brodsky, Save the California
 Delta Alliance
 Mark Biddlecomb, Ducks Unlimited
 Paul Clausen, Recreational Boaters of
 California
 Megan Couch, San Diego County
 Water Authority
 Deirdre Des Jardins, California Water
 Research
 Katie Donahue-Duran, California State
 Council of Laborers
 Alicia Enriquez (by phone),
 Sacramento County
 Matthew Emrick (by phone), City of
 Antioch
 Patrick Fitzgerald, Bartkiewicz, Kronick
 & Shanahan
 Cori Flannery, Delta Stewardship
 Council
 Catherine Freeman, California
 Assembly Committee on Water, Parks,
 and Wildlife
 Adam Keats (by phone), Center for
 Food Safety
 Tony Kukulich, Brentwood Press
 Robert Kunde, Wheeler Ridge-
 Maricopa Water Storage District
 Colin Maloney, U.S. Bureau of
 Reclamation

Steve Mayo (by phone), San Joaquin
 Council of Governments
 Liz Mendelson-Goossens (by phone),
 San Diego County Water Authority
 Anthony Navasero, Delta Stewardship
 Council
 Valerie Nera, California Chamber of
 Commerce
 Rob Nixon, AECOM
 Lauren Noland-Hajik (by phone), Kahn,
 Soares, and Conway, LLP
 Dennis O'Connor, California Senate
 Committee on Natural Resources and
 Water
 Anna Pavao Zinn, Delta Legacy
 Communities, Inc.
 Chris Rowe, Steve P. Rados Inc.
 Dean Ruiz, South Delta Water Agency
 Caleen Sisk, Winnemen Wintu Tribe
 Tom Slater, Reclamation District 999
 Erica Smith (by phone),
 Shaw/Yoder/Antwin, Inc.
 Justin Tram (by phone), Assembly
 member Kevin McCarty
 Jolene Walsh (by phone), Eastern
 Municipal Water District
 Bob Wright, Friends of the River

Facilitation Team

Abby Cheskis, Kearns & West
 Mary Beth Day, Kearns & West
 Nora De Cuir, Kearns & West
 Sharon Hu, Kearns & West
 Anna West, Kearns & West

Meeting Summary

I. Welcome/Introductions

There were roundtable introductions of the negotiation teams and staff. Members of the public were given the opportunity to introduce themselves.

II. Meeting Overview

Anna West (Anna), of Kearns & West, thanked everyone for attending the first public negotiation meeting on the State Water Project (SWP) Contract Amendment for Delta Conveyance. She reviewed the ground rules and outlined the negotiation session agenda. Anna reminded the group that the Department of Water Resources (DWR) and the Public Water Agency (PWA) Contractors can call a caucus at any time. She outlined the process for public comment at the end of the meeting and noted that members of the public present on the phone could submit written comments. She noted that oral comments would not be reflected in the meeting summary. She explained the standard procedure for writing, reviewing, and approving meeting summaries, and she noted that this week's summary will be available and approved at the next meeting.

Anna then called on Tripp Mizell (Tripp), DWR, and Tom McCarthy (Tom), PWAs, to discuss the objectives of the negotiation.

III. Confirm Objectives

Tripp stated that DWR's objective is to reach an agreement in principle (AIP) that describes how the costs and benefits of a Delta Conveyance facility will be allocated amongst PWAs. Tripp added that DWR expects the AIP to align with the general parameters of the project described by Governor Newsom in his State of the State address, meaning the project will be a single tunnel that provides a reliable supply of water. Tripp reiterated that DWR expects the AIP to be a foundation for a durable amendment to the SWP Contract that will allow DWR the flexibility to meet its regulatory and contractual responsibilities. Tripp concluded by recognizing that DWR is aiming to pursue adequate protections for two distinct groups of PWAs – (existing) infrastructure performance for non-participants and return on investment for participants.

Anna thanked Tripp and asked Tom to share the PWAs' objectives.

Tom explained that the PWAs' objective is to establish an agreement that equitably allocates the costs and benefits for the potential Delta Conveyance project. He then referred to the PWAs' document, First Offer for a potential Delta Conveyance Contract Amendment of the State Water Project Contracts, and he noted that the document contains the following overall objective statement: "Develop an agreement between State Water Project Contractor Public Water Agencies and the Department of Water Resources to equitably allocate costs and benefits of a potential Delta Conveyance Project."

Anna asked if there were any questions regarding the objectives.

Tripp and Tom replied that they did not have any questions.

IV. Establish Scope of Negotiation

Tripp commented that DWR's expectation is that this negotiation process is not the process in which the PWAs and DWR will address the California Environmental Quality Act (CEQA) or describe a preferred project description. The CEQA environmental process will begin later in 2019. Tripp added that DWR does not expect this negotiation process to be an appropriate place to discuss the Governor's portfolio approach. He noted that there is an independent process underway on that topic, and people can find details at waterresilience.ca.gov, sign up for the listserv, and learn about the listening sessions for that process. Tripp reiterated that the scope of this negotiation has a narrow focus on how the costs and benefits of a Delta Conveyance facility will be allocated among

the PWA Contractors. He emphasized that this negotiation will focus on discussing the methodology for cost allocation.

Anna asked the PWAs if they had any comments on the scope provided by DWR.

Tom replied that the PWAs had no comments at the time.

V. Discuss Cost Allocation

Anna noted that the next topic was a review of the PWAs' document entitled "PWAs' First Offer for a potential Delta Conveyance Contract Amendment of the State Water Project Contracts." She added that the document was also shown on the webinar. She then invited Tom to review the document.

Tom emphasized that it is important to take a step back before delving into the details. He explained that there are many PWAs and various types of organizations among them. From a process perspective, he noted that the PWAs hope to come to key terms in an AIP that they can bring before their elected boards to seek their feedback. Tom noted that this language will then hopefully merge into a contract amendment signed between DWR and the PWAs. He reiterated that it is important to understand that the PWAs report to elected boards and the public.

Tom highlighted that the document explains the allocation and participation framework for a new potential project. He stated that the PWAs hope this document will provide the foundation for the AIP between DWR and the PWAs. He reiterated the importance of determining and documenting how costs and benefits would be allocated among participants. He also emphasized the importance of clearly identifying that there would be no allocation to those Contractors not participating.

Tom reviewed the four components of the document:

- I. Overall Objective Statement
- II. Cost Allocation and Participation Framework
- III. Contents of An Agreement-in-Principle
- IV. Environmental Review

He noted that he would walk through each component and that the PWAs are interested in and open to DWR's feedback. Regarding Section I, Overall Objective Statement, Tom explained that the PWAs' objective is simple and clear: they seek an agreement that equitably allocates costs and benefits for a potential project. He emphasized the importance of the agreement being equitable, and he explained that those PWAs that are not participating will receive no benefits, nor will they be responsible for any costs.

Regarding Section II, Cost Allocation and Participation Framework, Tom noted that there are three parts: the proposed framework itself, the participation levels, and alternative frameworks. He highlighted that the PWAs are open to discussing how to determine the participation levels. He added that the PWAs believe being open to alternatives for analysis is crucial, and he noted that it is an important part of the CEQA process.

Regarding Section II.A, Proposed Framework, Tom explained that the PWAs propose an "opt-in" approach in which Participating and Non-Participating PWAs can opt to participate at their agricultural or municipal and industrial (M&I) Table A amount. Tom said that this opt-in approach is

fundamental to their proposal. He further explained that the floor of PWA participation could be zero (0) or their agricultural or municipal and industrial (M&I) Table A amount.

Tom then moved on to discuss the key points of the framework. He stated that the PWAs would like to see the Delta Conveyance Project as a SWP facility that is integrated with current SWP infrastructure. He added that they would also like Delta Conveyance Project water to be established as a new type of SWP water. He said this new type of water will represent an additional amount, and it will need to be properly administered, accounted for, and tracked. He reiterated that the capital costs and the capability to use the Delta Conveyance Project will only be distributed to Participating PWAs in proportion to their level of participation. He stated that these Participating PWAs will return all capital, operations, maintenance, power, and replacement (OMP&R), and variable costs for the Delta Conveyance Project to the State. He emphasized that the Participating PWAs will be responsible for making sure that all costs are covered and reimbursed to the State. He added that the Non-Participants would be able to make arrangements with the State to use the available capacity, but they will have to cover the costs associated with using the facility. He noted that these costs will be credited against other Participating PWA charges. Tom clarified that the five (5) North of Delta PWAs are not participating, and therefore they will be excluded from any costs. He added that if a PWA south of the Delta chooses not to participate, they will not be responsible for any costs.

Tom moved on to Section II.B, Participation Levels. He emphasized the importance of the fact that PWA staff conducted the preliminary analyses, and he noted that this proposal has not gone through the PWAs' elected boards. He reiterated that it is a preliminary analysis based on assumptions to allocate costs and benefits for generic facilities to help bookend the process. He explained that these assumptions were derived from cost estimates and size estimates of previous projects and that the final analysis will depend on the ultimate capacity and cost of the project. He stated that the PWAs believe that using an iterative process will allow them to fully fund a cost-effective Delta Conveyance Project. He reiterated that the PWAs had to make assumptions, but that they believe they can use an iterative process to determine allocations and arrive at a fully funded project.

Tom referenced a table in Section II.B of the document that will be used to indicate the participation level of each PWA. He explained that the table is mostly blank right now, but that the PWAs would like to fill it out completely when the proposed project is fully identified. He explained that a PWA could contribute anywhere from zero (0) percent up to a maximum the PWA would want, and the total would add up to 100 percent coverage of the costs, and, therefore, the benefits as well. He added that the PWAs envision a completed table in the AIP and that the table could also be used in the CEQA process.

Tom noted that PWA staff expect the development of participation levels to be an iterative process based on the project description and the potential costs and benefits. He highlighted that each change in the table will lead to a chain reaction and that they will keep iterating until they reach an allocation that works well. He reminded the group that this proposal has not been approved by PWA boards.

Regarding Section II.C, Alternative Framework, Tom emphasized that the PWAs respect the CEQA process and recognize that the alternatives evaluation is an important part of CEQA. He noted that the PWAs may propose an alternative cost allocation approach be included in the AIP. This alternative approach will be evaluated in the Environmental Impact Report.

Moving onto Section III, Contents of an Agreement-in-Principle, Tom explained that negotiations between DWR and the PWAs will result in an AIP. He emphasized that both DWR and the PWAs have their own ideas and that they negotiate in public to come to key terms of an AIP that will eventually evolve into a contract amendment. Regarding the process for approval, he noted that the PWAs will take the AIP to their boards of directors, and when the boards approve the AIP, the PWAs will develop a contract amendment. He explained that the PWAs would like to see a definition of the proposed project that includes project objectives, capacity, and general configuration (alignment, number of intakes, tunnels, pump stations, etc.). Tom then referenced the objectives that DWR stated in the beginning of the meeting, and he reiterated that the PWAs respect the process and want to work with DWR to provide a project definition that works for all parties.

Tom shared several additional components that the PWAs would like to see in an AIP. The PWAs believe the AIP should include a description of the opt-in framework. It should also include a schedule of participation for the PWAs, which will be a fully populated table such that it totals to 100 percent coverage. He reiterated that the PWAs believe that they have full coverage for the project today based on their assumptions. He also stated that the AIP should include cost accounting principles that address the OMP&R and variable costs for the Delta Conveyance Project. He added that the AIP should also include water forecasting principles to quantify the water supply benefits. He noted that the PWAs want to move forward, but that they need to know how benefits and water accounting will work in order to determine cost allocations.

Furthermore, Tom noted that the PWAs believe an AIP should have a section on general operational principles such as delivery priority, use of available capacity in the Delta Conveyance Project, use of San Luis Reservoir, and carriage water savings. He noted that this portion will take a fair bit of work and they will need a lot of details. Additionally, Tom stated that the PWAs may propose an alternative cost allocation approach for CEQA analysis. Finally, he explained that the PWAs would like to see a description of dispute resolution processes in the AIP so that disputes regarding the accounting of Delta Conveyance costs and benefits can be resolved efficiently.

Moving onto Section IV, Environmental Review, Tom explained that the PWAs acknowledge that any alternatives are subject to the CEQA process. He reiterated that nothing in the PWA's first offer or any subsequent AIP or negotiation should be interpreted to predetermine decisions regarding the CEQA process. He emphasized that the PWAs respect the CEQA process. He noted that the PWAs had prepared text regarding environmental review that could be included in the AIP. Tom read the text aloud:

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

At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and contract amendments, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendments or to approve an alternative project. Consequently, even though DWR and the PWAs have agreed to the AIP for the purposed described in the preceding paragraphs, DWR and each PWA retain their full discretion under CEQA to consider and adopt mitigation measures and alternatives, including the alternative of not going forward with the proposed project.”

Tom clarified that the PWAs do not intend to speak on behalf of DWR and that they are offering this language because they believe it is consistent with their understanding of handling CEQA from previous negotiations.

Tom concluded his review of the PWA's first offer and there were no additions from other PWA negotiators.

Anna thanked Tom and asked Tripp for DWR's response.

Tripp thanked Anna and Tom. He explained that DWR would like to ask clarifying questions before considering the offer further in caucus. He noted that one of the technical experts, Dave Paulson (Dave), DWR, would ask the questions.

Dave explained that DWR had four (4) questions. He noted that the questions are general and that DWR did not expect detailed answers from the PWAs. Dave's first question was in reference to Section II.A, Proposed Framework, bullet points number one (1) and two (2). He stated that the document discusses an integrated state water facility and a new type of water. Dave asked if the PWAs have given consideration to the type of facility (e.g., transportation or conservation) this will be.

Tom replied that the PWAs are open and interested in DWR's feedback on that subject.

Dave thanked Tom and noted that DWR is also open to facility types.

Dave's second question was in reference to Section II.A., Proposed Framework, bullet point number four (4). He asked for confirmation that Participating PWAs propose covering 100 percent of the cost. He explained that some SWP projects have multiple purposes and benefits associated with them and, therefore, the costs are covered differently. He expressed the importance of confirming that PWAs are covering 100 percent of the costs of the Delta Conveyance Project.

Tom answered in the affirmative.

Dave's third question was in reference to Section II.A., Proposed Framework, bullet point number five (5). He explained that the bullet point states that Non-Participating PWAs will contract with the State in the case that they would like to use available capacity. Dave sought clarification on whether the Non-Participating PWAs would be approaching the State directly or if the PWAs anticipate that a collaborative group of Participating and Non-Participating PWAs would approach the State to make arrangements in this scenario.

Tom replied that the PWAs would discuss this question in caucus and offer an answer upon return.

Dave thanked Tom and said DWR would discuss this topic in caucus as well.

Dave's last question was in reference to Section II.B., Participation Levels. He asked if the PWAs foresee that there will be separate cost allocation tables for operations and maintenance costs and for capital costs. He noted that DWR views capital costs as funds for the construction of the project.

Tom replied that the PWAs would like to discuss this question in caucus to be able to provide the best answer.

Dave thanked Tom for his answers and stated that DWR had no more questions.

DWR called for a caucus at 10:50 am. The meeting resumed at 11:42 am.

Ray Stokes, Central Coast Water Authority, introduced himself since he joined the meeting in person after introductions were made. Anna then invited the PWAs to offer their thoughts on DWR's questions.

Tom stated that he would review what the PWAs discussed, and he invited other PWA negotiators to participate if they had additional points. Regarding the type of water facility, Tom said they would tie the answer to that question into the answer to the next question. In reference to whether there would be multiple tables for cost allocations (capital and O&M), Tom stated that the PWAs reviewed the language in the previous SWP contract amendment AIP. He said that the PWAs like the language in the previous AIP, which only included a single table for allocation of charges. Tom explained that they could use the previous table if they remove the five (5) North of Delta PWAs and any other PWAs which choose to opt out. Tom stated that the PWAs and DWR had not worked out the issue around an energy charge in the previous negotiation and that they would like to spend more time on that during this process. Tom asked if other PWAs wanted to add any more information.

Anna noted that there were no additions from the PWAs, and she asked DWR if they had any responses to the PWAs' answers.

Tripp thanked Tom. He noted that the PWAs did not provide an answer to the question about whether Non-Participating PWAs would approach the State directly to contract to use available capacity or whether they would approach the state in a coalition with Participating PWAs (Section II.A., bullet number five (5)).

Tom explained that the PWAs discussed the question but did not work out the details. He reiterated that the PWAs are focused on cost recovery as the most important aspect right now and that the PWAs will get back to DWR about this question at a later point.

Anna asked Tom if the PWAs were finished with answers to the DWR questions.

Tom replied in the affirmative.

Tripp stated that DWR had two more points of clarification they would like to address. The first point was regarding Section II.A. He noted that the description states that there would be an iterative process of seeking participation wherein contractors would be asked to participate to at least their

agricultural or M&I Table A level, at which point the Participating PWAs would determine if there is additional capacity remaining. Then there would be a second request sent out to see if PWAs would like to change their allocations. Tripp asked if the PWAs anticipate an iterative process like the one he described or if they will initially ask which PWAs want to participate above their Table A level. If the latter is the proposed approach, Tripp asked how the PWAs would handle a case in which the proposed project is oversubscribed.

Tom replied that this was a good question. He explained that PWA staff would initiate the iteration process as an exercise to see how much coverage the PWAs would have. Each contractor would offer a percentage that they are willing to contribute. Tom explained that in the previous AIP, there was 100 percent coverage based on the allocation of Table A water. He acknowledged that allocation was a difficult process for the PWAs during the development of the previous AIP. He explained that having the opportunity to opt in or out will make the process easier. He emphasized that this is a preliminary offer and that the PWAs do not have a problem with oversubscription. He asked other PWAs if they wanted to contribute additional information.

Jeff Davis (Jeff), San Geronio Pass Water Agency, stated that he does not think it is possible to define the term “oversubscription” if the project has not yet been defined.

Curtis Creel (Curtis), Kern County Water Agency, added that each contractor will have the initial opportunity to contribute their full Table A. As an example, if all South of the Delta PWAs want to commit above their full Table A and there is oversubscription, then the fall back would be to go back to each contractor’s Table A amount.

Tom concurred with Curtis’ response that the allocation would fall back to a PWA’s Table A amount in the case of oversubscription. Tom then clarified that the iteration process would not be conducted in public – Contractors would work amongst themselves to determine what works best for them based on data gathered during the process, including gaining an understanding of how the benefits are allocated. Tom noted that when he previously stated that the PWAs have no problem with oversubscription, he was basing this answer on the assumptions of the size and cost of the project as well as how the benefits would be allocated. He emphasized that the PWAs are using this opportunity to bookend what a potential Delta Conveyance Project would look like. Tom also reiterated Jeff’s point that it is hard to provide an estimate without more specific information and a project description.

Tripp thanked Tom and Jeff and noted that DWR’s question was answered by Curtis.

Tripp asked DWR’s second question, which was regarding Section II.A bullets number five (5) and six (6). In bullet number five (5) “Non-Participants” is capitalized and in bullet number six (6) “not participate” is not capitalized. Tripp asked if the PWA’s first offer intends to treat those two terms as different classifications.

Tom answered that those two terms would be treated the same.

Tripp thanked Tom.

Anna asked if the PWAs or DWR would like to discuss anything else. Both Tom and Tripp stated that no further discussion was needed.

VI. Next Steps

Anna noted that the negotiators will need to determine if they would like to meet next week and if so, what the agenda topics would be. She asked PWAs if they were anticipating any changes to their document.

Tom replied that they do not anticipate changes by next week.

Anna asked DWR if they would have any documents for the next meeting.

Tripp explained that DWR will have its first offer regarding the accounting and administrative plan. He added that they will not have a specific response to the PWAs' first offer at the next meeting, but that they will have a response in the future.

Anna confirmed that DWR's document will be the main topic on the agenda and the negotiators can reference the PWA's first offer document for further discussion, if needed.

Tripp added that it would be helpful if the agenda started with an opportunity to discuss further questions about the PWA's first offer. He noted that he does not anticipate further questions, but there is a possibility that more could arise.

Anna concurred and said that Kearns & West would add that topic to the agenda. She noted that there may also be additional reflections from the PWAs as well. She asked if there were any other documents needed for the next meeting.

Hearing nothing, Anna confirmed the agenda topics for the next meeting. She asked Tripp if DWR planned to share their draft document ahead of the meeting.

Tripp affirmed that the document would be shared in advance.

Anna highlighted the importance of sharing documents before meetings to enable the most meaningful discussion at the next negotiation meeting. She asked the group if there were any other comments or questions.

Brian "BG" Heiland (BG), DWR, noted that DWR is required to follow Americans with Disabilities Act (ADA) guidelines when posting documents online and that DWR will need to coordinate with anyone sharing documents to make sure they are ADA compliant. If DWR posts anything that is not ADA compliant, they must quickly follow up with a compliant version.

Anna asked if they could post a track changes version of a document as long as they posted an ADA compliant version after.

BG answered in the affirmative and noted that any non-ADA compliant documents will need a disclaimer, and DWR can provide that language.

VII. Public Comment

Anna referenced that she described the public comment ground rules earlier in the meeting. She stated that any member on the phone could provide written comment to the email address listed on

the agenda. She explained that those in the room could provide oral public comments or written comments. She noted that the participants at the table and on the phone would listen intently, but they will not provide responses. She told the group that each person would have three (3) minutes to speak.

Three members of the public provided comments.

VIII. Adjourn

The meeting was adjourned at 12:07 pm.

Action List

Kearns & West will develop a summary of today's meeting by Wednesday, July 31.
DWR to share its first offer on the accounting and administrative plan before the next negotiation meeting.



State Water Project Contract Amendment for Delta Conveyance

Meeting #2 Agenda

July 31, 2019

10:00 am – TBD based on progress

Courtyard Sacramento Midtown

4422 Y Street

Sacramento, CA

Phone Line: 719-359-4032

Access Code: 474346#

Webinar: <http://kearnswest.adobeconnect.com/deltaconveyance/>

Documents can be found at: <https://cadwr.box.com/s/irusyewojv4nwzmxzfzngghzmgli9sswcw>

Public comments can be submitted to: Brian.Heiland@water.ca.gov

For more information: <https://water.ca.gov/Programs/State-Water-Project/Management/Delta-Conveyance-Amendment>

Agenda

Meeting Objectives

- Clarifying Information on PWA First Offer
 - Discuss DWR's Offer on Accounting and Administrative Proposal
 - Determine Next Steps
- I. Welcome/Introductions
 - II. Meeting Overview
 - a. Meeting Process and Ground Rules
 - b. Structure and Format
 - c. Agenda Review
 - III. Cost Allocation (PWAs' Offer)
 - a. Clarifying Questions on PWA First Offer

Note:

- i. Any party can call a caucus at any time.
- ii. Meetings will end at 3:00pm, or when business is completed, or by mutual agreement.
- iii. Public comment period will occur at the end of every negotiation meeting.

IV. Discuss DWR's Offer on Accounting and Administrative Proposal

LUNCH (not provided)

V. Continue Discussion on DWR's Offer on Accounting and Administrative Proposal

VI. Next Steps

- a. Future Agenda Topics, Proposed Schedule
- b. Review Actions, Agenda Topics for Next Meeting

VII. Public Comment

- a. The comment period is designed for input and not for exchanges with the negotiators, therefore the negotiators will listen to comments without responding.
- b. Please focus comments on the topics covered in today's negotiation session.
- c. Members of the public present in person and interested in speaking will have 3 minutes or less depending on the number of people wanting to provide public comment. The time available for each speaker will be determined at the beginning of the public comment period.

VIII. Adjourn

Note:

- i. Any party can call a caucus at any time.
- ii. Meetings will end at 3:00pm, or when business is completed, or by mutual agreement.
- iii. Public comment period will occur at the end of every negotiation meeting.

TO: State Water Project Contractor Public Water Agencies

FROM: California Department of Water Resources

SUBJECT: Department of Water Resources Accounting and Administrative Proposal

This first offer contains a proposed accounting and administrative framework for a potential Delta Conveyance Project of unspecified design or capacity that may serve as a foundation for an Agreement-in-Principle (AIP) among the Department of Water Resources (DWR) and the State Water Project Contractor Public Water Agencies (PWAs) that could lead to an amendment of the State Water Project Contracts.

This first offer is not a counter-offer to, or an acceptance or rejection of, the PWAs' first offer related to a cost allocation and participation framework submitted in negotiations held on July 24, 2019. (DCP Negotiation # 005.) DWR continues to consider the PWAs' first offer and may have a counter-offer at a later date.

Contents:

- Integration into the State Water Project
- Delta Conveyance Facility
- San Luis Reservoir
- Conveyance
- Project Water Allocations other than Annual Table A Allocation and Delta Conveyance Facility water

Integration into the State Water Project

1. DWR will operate any Delta Conveyance Facility as a part of the State Water Project and will exercise its discretion in operating the State Water Project as an integrated whole.

2. Continued utilization of Clifton Court Forebay Facilities to meet Annual Table A Allocation.

3. Continued utilization of Annual Table A Allocation to represent DWR's assessment of the likely available SWP water supply.

Delta Conveyance Facility

4. Delta Conveyance Facility Administration:
 - 4.1 A forecast of Delta Conveyance Facility water availability will be provided in a manner and timeframe similar to the existing Annual Table A Allocation.
 - 4.2 Forecasts of Delta Conveyance Facility water will incorporate appropriate regulatory requirements and restrictions.
 - 4.3 In coordination with Public Water Agencies receiving water from any Delta Conveyance Facility, DWR will develop the informational requirements necessary for forecasting Delta Conveyance Facility water availability.
 - 4.4 DWR will establish an accounting mechanism to measure the water delivered via any Delta Conveyance Facility. An accounting mechanism will include rules on the application of carriage water.

San Luis Reservoir

5. Utilization of San Luis Reservoir storage capacity:
 - 5.1 Water other than Annual Table A Allocation stored in San Luis Reservoir above a Public Water Agency's proportionate share of storage is subject to spill prior to any water within a Public Water Agency's proportionate share of storage.

Conveyance

6. Use of Facilities

6.1 Conveyance will be allocated based upon a Public Water Agency's contracted proportionate share.

Project Water Allocations other than Annual Table A Allocation and Delta Conveyance Facility water

7. Article 21

7.1 DWR will, to the extent that it is equitable, follow existing allocation procedures for Article 21.

8. Delta Conveyance Facility Direct Delivery

8.1 Delta Conveyance Facility Direct Delivery informational requirements will be greater than existing processes and will be developed as described in paragraph 4 above.

8.2 DWR will develop equitable allocation procedures for Delta Conveyance Facility Direct Delivery.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Adoption of Resolution 2019-07 Setting the State Water Project Tax Rate for 2019-2020

DATE: August 5, 2019

Summary:

After reviewing financial and budgetary data at the July Finance and Budget workshop and a discussion, the Board chose to study four different tax rates and to vote on one at the August 5 meeting. Data for the four tax rates is presented via several spread sheets in the agenda package. The purpose of this proposed Board action is for the Board to approve a tax rate to pay for SWP costs for fiscal year 2019-2020. This rate must be provided to the County in the next week in order to be accommodated on the tax bills for this year.

Background:

The Burns-Porter Act of 1960 authorized residents of California to vote on a \$1.75 billion bond that would fund construction of the State Water Project. The bill explicitly stated that the State's General Fund would not pay off the bonds sold for the Project, but that any water agencies who contracted with the State to purchase the water would have to back the bonds by levying property taxes within their service areas or through other revenue streams. The bond issue passed.

This is the purpose of the Agency's ad valorem tax levied by the Board each year—to pay the Agency's share of the debt service on the State Water Project, along with miscellaneous other costs associated with operating and maintaining the Project.

When the Agency constructed Phase 1 of the East Branch Extension (EBX 1) in the 1990's, the Board raised the tax rate significantly to pay the additional debt service (from 8.83 cents in 1992 to 17 cents in 2000). In return, the region was finally able to receive State Water

Project water through the East Branch Extension and to begin alleviating long-term groundwater overdraft.

The Board decided to phase the construction of the EBX partly to reduce costs and partly because it recognized that water demands at the time were not high enough to justify paying a higher amount for a pipeline that would be only partially utilized for a number of years. Since the completion of EBX 2, debt service payments have increased significantly.

EBX 2 was needed so that the Agency could import all available water in wet years. With only Phase 1 of the pipeline installed, the Agency could not import all the water available in any year with an allocation greater than 60%. With EBX 2 online, and with additional facilities to store the water, the future of the area will be more secure, as the Agency will be able to import and store more water in wet years to help offset lesser amounts of water available in dry and average years. The 60% average reliability of the State Water Project is reduced even more if the Agency cannot take all available water in wet years. The construction of EBX 2 and the ability to convey the additional water out of the pipeline and into storage were absolute necessities for the region. The long-term regional water supply depends on these facilities.

In order to prepare for paying off EBX 2 bonds, the Board voted eight years ago to increase the ad valorem tax rate from \$0.17 to \$0.185 after eleven years at the same rate. Two years ago, the Board voted to reduce this to \$0.1825, as data presented by staff indicated that the Agency could likely continue to make projected payments with the reduced tax rate. The Agency is still in a good situation financially with its debt service fund; however future balloon payments on EBX bonds and many large uncertainties related to extending the SWP contract, paying for Lake Oroville spillway repairs, and funding construction to alleviate problems associated with subsidence in the San Joaquin Valley are reasons to be cautious with the Agency's debt service fund. After a discussion at the July Finance and Budget workshop, the Board did not decide on a tax rate, but directed staff to bring several options to the Board for consideration at this meeting.

In particular, the Board asked that rates of 18.25 cents, 17.75 cents, 17.5 cents, and 17.25 cents be brought to the Board for discussion and possible action at this meeting. Spread sheets summarizing the condition of the Agency's reserves through 2035 for each of the alternative tax rates are included in the agenda package.

Detailed Report:

When the Board voted to increase the tax rate from 17 cents to 18.5 cents in 2011, that Board made it clear that it did not want to have to raise the tax rate again, and directed staff to find a rate that would provide sufficient revenues that no increases would be needed in the future. This was the driving force for the increase to 18.5 cents.

At the July Finance and Budget workshop, staff detailed for the Board some of the key uncertainties ahead for the Agency. These uncertainties include not knowing when the contract extension amendment will go into effect (causing compression of bond costs until that time); not knowing how much of the \$2 billion spent on the Lake Oroville spillway will be reimbursed by FEMA; and having no details on DWR's \$2 billion plan to mitigate subsidence in the San Joaquin Valley. None of those uncertainties are included in the expenses in the attached spread sheets; each could have a major impact on future SWP expenses.

The spread sheets indicate that, with the assumptions made by staff, the Agency could very well make it to 2035 (when EBX and other bonds expire) without raising the tax rate if the current rate of 18.25 cents is retained. However, this does not include any of the uncertainties mentioned above. It also uses revenue assumptions that are relatively conservative. As the tax rate is lowered, the spread sheets show that the Agency would have a more difficult time in making future payments while maintaining adequate reserves, again using the relatively conservative revenue assumptions. While the revenue projections are likely on the conservative side, the expense projections are NOT conservative in that they do not account for any of the uncertainties listed above.

The spread sheets assume that the Agency's share of the proposed \$11 billion Delta conveyance project would be approximately 1.4%; that Sites Reservoir payments could be funded using the tax rate,

and that the Agency approves a long-term transfer with Ventura for a portion of its Table A water. It is unknown at this time how good these assumptions are. They are based on the best information available to staff at this time.

The Board, working with staff, has been proactive in taking steps to reduce future State Water Project costs. A few years ago, the Agency requested that DWR sell bonds for EBX at a time when interest rates were at historic lows, thus lowering debt service costs. At that time, Agency staff worked with DWR to structure those bonds to partly smooth out the large balloon payments from 2026 through 2029. Those balloon payments, though still present, represent a much smaller financial hill for the Agency to climb in those years. The Board has directed staff to look into possibly paying off some of these early, thus saving interest costs. Staff has reviewed this and recommends that the Board consider paying off up to \$11 million in bonds early, starting in 2022.

Finally, the Agency, along with other Contractors, has worked closely with DWR staff over the past several years to find ways to reduce O&M costs. These costs have declined as a result of these efforts.

Fiscal Impact:

Each of the four alternate tax rates represents a different impact to the Agency. The most positive impact would result from a tax rate of \$18.25 cents. The most negative impact would result from a tax rate of \$17.25 cents. The quantitative long-term impact of any of these tax rates cannot be evaluated at this time; it can only be projected. Those impacts are summarized in the attached spread sheets. The Board will need to determine how much of a risk it wishes to take and how accurate staff's assumptions may or may not be.

Recommendation:

Staff recommends that the Board adopt a tax rate of 18.25 cents this year to help mitigate future uncertainties, with the opportunity to consider lowering this rate next year should some of those uncertainties become clearer.

RESOLUTION NO. 2019-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DETERMINING THE AMOUNT OF MONEY NEEDED TO MAKE ANNUAL PAYMENTS FOR THE INTEREST AND PRINCIPAL ON GENERAL OBLIGATION BONDS AND FOR OTHER INDEBTEDNESS APPROVED BY THE VOTERS PRIOR TO JULY 1, 1978, AND/OR FOR WHICH A TAX LEVY IS REQUIRED UNDER ARTICLE 1, SECTION 10 OF THE UNITED STATES CONSTITUTION AND MAKING A TAX LEVY THEREOF.

WHEREAS, the Attorney General of the State of California has ruled in his opinion No. CV 78/90 that property taxes levied by local water districts necessary to provide for payments to the state under the state water supply contract fall within Section 1 (b) of Article XIII A of the California Constitution; now therefore,

BE IT RESOLVED by the Board of Directors of the San Gorgonio Pass Water Agency, as follows:

1. That said Board of Directors has determined that the amount of money needed to make annual payments during the fiscal year beginning July 1, 2019, and ending June 30, 2020, for the interest and principal on general obligation bonds and other indebtedness approved by the voters prior to July 1, 1978, and/or required by Article 1, Section 10 of the United States Constitution is \$27,034,700 for payments on the Contract between the State of California Department of Water Resources and San Gorgonio Pass Water Agency for a water supply dated November 16, 1962, and hereby fixes the rate of tax which will raise the amount of money required by said Agency at the following amounts per hundred dollars of assessed valuation of taxable property within said Agency:

\$ 0.1825 State Water Contract

2. That the Board of Directors of the San Gorgonio Pass Water Agency does hereby certify the rate so fixed, and as herein before set forth, to the Board of Supervisors of the County of Riverside, State of California, and to the County Auditor of said County.

3. That pursuant to California Water Code - Appendix Section 101-27 the determination of the amount necessary to be raised by taxation for such purpose during the fiscal year and the order fixing the rate of tax made herein shall constitute a valid assessment of the property within the Agency and a valid levy of the taxes so fixed. Said levy is permitted by California Revenue and Taxation Code Section 93 and/or required by Article 1, Section 10 of the United States Constitution.

4. That a certified copy of this resolution be transmitted to the County Auditor of said County, and that when so transmitted, said certified copy shall constitute the certification required in Section 101-27 of the California Water Code - Appendix.

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DETERMINING THE AMOUNT OF MONEY NEEDED TO MAKE ANNUAL PAYMENTS FOR THE INTEREST AND PRINCIPAL ON GENERAL OBLIGATION BONDS AND FOR OTHER INDEBTEDNESS APPROVED BY THE VOTERS PRIOR TO JULY 1, 1978, AND/OR FOR WHICH A TAX LEVY IS REQUIRED UNDER ARTICLE 1, SECTION 10 OF THE UNITED STATES CONSTITUTION AND MAKING A TAX LEVY THEREOF.

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\$ 0.1775 State Water Contract

2. That the Board of Directors of the San Gorgonio Pass Water Agency does hereby certify the rate so fixed, and as herein before set forth, to the Board of Supervisors of the County of Riverside, State of California, and to the County Auditor of said County.

3. That pursuant to California Water Code - Appendix Section 101-27 the determination of the amount necessary to be raised by taxation for such purpose during the fiscal year and the order fixing the rate of tax made herein shall constitute a valid assessment of the property within the Agency and a valid levy of the taxes so fixed. Said levy is permitted by California Revenue and Taxation Code Section 93 and/or required by Article 1, Section 10 of the United States Constitution.

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WHEREAS, the Attorney General of the State of California has ruled in his opinion No. CV 78/90 that property taxes levied by local water districts necessary to provide for payments to the state under the state water supply contract fall within Section 1 (b) of Article XIII A of the California Constitution; now therefore,

BE IT RESOLVED by the Board of Directors of the San Gorgonio Pass Water Agency, as follows:

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\$ 0.175 State Water Contract

2. That the Board of Directors of the San Gorgonio Pass Water Agency does hereby certify the rate so fixed, and as herein before set forth, to the Board of Supervisors of the County of Riverside, State of California, and to the County Auditor of said County.

3. That pursuant to California Water Code - Appendix Section 101-27 the determination of the amount necessary to be raised by taxation for such purpose during the fiscal year and the order fixing the rate of tax made herein shall constitute a valid assessment of the property within the Agency and a valid levy of the taxes so fixed. Said levy is permitted by California Revenue and Taxation Code Section 93 and/or required by Article 1, Section 10 of the United States Constitution.

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\$ 0.1725 State Water Contract

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3. That pursuant to California Water Code - Appendix Section 101-27 the determination of the amount necessary to be raised by taxation for such purpose during the fiscal year and the order fixing the rate of tax made herein shall constitute a valid assessment of the property within the Agency and a valid levy of the taxes so fixed. Said levy is permitted by California Revenue and Taxation Code Section 93 and/or required by Article 1, Section 10 of the United States Constitution.

4. That a certified copy of this resolution be transmitted to the County Auditor of said County, and that when so transmitted, said certified copy shall constitute the certification required in Section 101-27 of the California Water Code - Appendix.

5. That funds received by the San Gorgonio Pass Water Agency pursuant to the aforesaid tax levy shall be placed in a separate fund identified for such indebtedness set forth above and shall be disbursed only for lawful payments on such indebtedness.

Said Resolution was adopted by roll call vote as follows:

AYES:
NOES:
ABSTAIN:
ABSENT:

I certify that the foregoing is a true and correct copy of Resolution No. 2019-07, adopted by the Board of Directors of the San Gorgonio Pass Water Agency at its regular meeting held on August 5, 2019.

Ronald A. Duncan, President of the Board

DRAFT

SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE INCOME, EXPENDITURES and RESERVES
ESTIMATES - ACTUAL AND PROJECTED
2008 - 2035

1

Year	INCOME	EXPENSES					RESERVES	
	DEBT SERVICE TOTAL INCOME <i>Note 1</i>	Statement of Charges	EBX (Current and Projected)	Other Debt Service Expenses	DCP Sites Reservoir Water Transfers Other	TOTAL EXPENSES	DIFFERENCE	RESERVES (June)
	1	2	3	4	5	6	7	8
2004	6,137,727	2,100,865	4,299,939	663,484		7,064,288		8,575,893
2005	7,680,435	1,895,298	927,589	435,335		3,258,222		8,909,347
2006	9,409,975	1,957,662	1,060,689	692,814		3,711,165		10,451,061
2007	13,773,289	2,659,243	1,084,389	1,333,048		5,076,680		14,814,386
2008	14,855,134	3,361,840	802,786	1,421,477		5,586,103		21,085,657
2009	14,959,004	6,549,958	1,457,607	965,653		8,973,218		23,493,952
2010	14,172,478	5,897,432	1,462,776	1,019,082		8,379,290		23,431,245
2011	13,546,188	5,744,534	1,450,940	750,353		7,945,827		23,179,870
2012	16,607,976	5,827,218	1,446,795	878,392		8,152,405		25,727,239
2013	17,079,862	4,701,132	1,697,258	745,643		7,144,033		29,693,705
2014	16,984,001	4,284,111	1,835,322	636,864		6,756,297		32,984,738
2015	20,022,696	5,639,856	3,305,756	375,666		9,321,278		35,901,824
2016	21,915,393	5,436,297	2,539,354	321,878		8,297,529		36,816,064
2017	24,418,236	6,180,854	2,595,031	454,774		9,230,659		42,217,597
2018	26,421,116	2,592,511	13,869,200	291,028	8,105,985	24,858,724	1,562,392	44,268,814
2019	28,209,335	7,840,575	14,562,754	831,821	1,961,065	25,196,215	3,013,120	50,482,076
2020	28,959,591	7,877,487	14,818,721	909,700	3,697,800	27,303,708	1,655,883	52,137,959
2021	29,736,111	8,310,749	14,901,790	939,265	3,717,838	27,869,642	1,866,470	54,004,428
2022	30,928,743	8,767,840	14,875,643	969,791	5,228,866	29,842,140	1,086,602	55,091,031
2023	32,286,367	9,250,071	14,570,732	1,001,310	5,761,887	30,584,000	1,702,367	56,793,398
2024	33,367,401	9,758,825	14,465,185	1,033,852	6,888,905	32,146,767	1,220,635	58,014,032
2025	34,540,612	10,295,560	14,357,630	1,067,452	8,622,422	34,343,065	197,547	58,211,579
2026	35,829,483	10,861,816	15,841,999	1,104,813	9,956,191	37,764,819	-1,935,336	56,276,243
2027	37,433,866	11,459,216	17,943,253	1,143,482	11,190,215	41,736,165	-4,302,299	51,973,944
2028	39,013,737	12,089,473	21,031,258	1,183,503	11,818,247	46,122,482	-7,108,745	44,865,199
2029	40,675,072	12,754,394	20,933,112	1,224,926	12,446,541	47,358,973	-6,683,901	38,181,298
2030	41,770,149	13,455,886	12,490,988	1,267,799	13,249,350	40,464,022	1,306,127	39,487,425
2031	41,164,001	14,195,959	12,484,133	1,315,341	13,271,926	41,267,359	-103,358	39,384,067
2032	42,117,664	14,976,737	12,548,943	1,364,666	13,294,773	42,185,120	-67,455	39,316,612
2033	43,113,016	15,800,458	12,548,508	1,415,841	13,317,895	43,082,702	30,314	39,346,926
2034	44,124,192	16,669,483	13,087,362	1,468,935	13,341,293	44,567,074	-442,881	38,904,045
2035	45,266,047	17,586,305	13,088,178	1,524,020	13,364,973	45,563,476	-297,429	38,606,615
2036								
2037								
2038								
2039								
2040								

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Actual
Projected
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Actual
 Projected, SOC included
 Projected

ASSUMPTIONS	TAX RATE: 18.25	ANNUAL INCREASE: 2.75%	INTEREST RATE: 1.20%
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Note 1: Includes payment for 4,000 AF of Sites Reservoir participation from BCVWD.

DRAFT

SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE INCOME, EXPENDITURES and RESERVES
 ESTIMATES - ACTUAL AND PROJECTED
 2008 - 2035

2

Year	INCOME	EXPENSES					RESERVES	
	DEBT SERVICE TOTAL INCOME Note 1	Statement of Charges	EBX (Current and Projected)	Other Debt Service Expenses	DCP Sites Reservoir Water Transfers Other	TOTAL EXPENSES	DIFFERENCE	RESERVES (June)
	1	2	3	4	5	6	7	8
2004	6,137,727	2,100,865	4,299,939	663,484		7,064,288		8,575,893
2005	7,680,435	1,895,298	927,589	435,335		3,258,222		8,909,347
2006	9,409,975	1,957,662	1,060,689	692,814		3,711,165		10,451,061
2007	13,773,289	2,659,243	1,084,389	1,333,048		5,076,680		14,814,386
2008	14,855,134	3,361,840	802,786	1,421,477		5,586,103		21,085,657
2009	14,959,004	6,549,958	1,457,607	965,653		8,973,218		23,493,952
2010	14,172,478	5,897,432	1,462,776	1,019,082		8,379,290		23,431,245
2011	13,546,188	5,744,534	1,450,940	750,353		7,945,827		23,179,870
2012	16,607,976	5,827,218	1,446,795	878,392		8,152,405		25,727,239
2013	17,079,862	4,701,132	1,697,258	745,643		7,144,033		29,693,705
2014	16,984,001	4,284,111	1,835,322	636,864		6,756,297		32,984,738
2015	20,022,696	5,639,856	3,305,756	375,666		9,321,278		35,901,824
2016	21,915,393	5,436,297	2,539,354	321,878		8,297,529		36,816,064
2017	24,418,236	6,180,854	2,595,031	454,774		9,230,659		42,217,597
2018	26,421,116	2,592,511	13,869,200	291,028	8,105,985	24,858,724	1,562,392	44,268,814
2019	28,209,335	7,840,575	14,562,754	831,821	1,961,065	25,196,215	3,013,120	50,482,076
2020	28,270,760	7,877,487	14,818,721	909,700	3,697,800	27,303,708	967,052	51,449,128
2021	29,020,072	8,310,749	14,901,790	939,265	3,717,838	27,869,642	1,150,430	52,599,558
2022	30,184,647	8,767,840	14,875,643	969,791	5,228,866	29,842,140	342,506	52,942,064
2023	31,513,343	9,250,071	14,570,732	1,001,310	5,761,887	30,584,000	929,343	53,871,407
2024	32,564,552	9,758,825	14,465,185	1,033,852	6,888,905	32,146,767	417,785	54,289,193
2025	33,707,014	10,295,560	14,357,630	1,067,452	8,622,422	34,343,065	-636,051	53,653,142
2026	34,964,187	10,861,816	15,841,999	1,104,813	9,956,191	37,764,819	-2,800,632	50,852,510
2027	36,535,896	11,459,216	17,943,253	1,143,482	11,190,215	41,736,165	-5,200,270	45,652,241
2028	38,082,087	12,089,473	21,031,258	1,183,503	11,818,247	46,122,482	-8,040,395	37,611,845
2029	39,708,708	12,754,394	20,933,112	1,224,926	12,446,541	47,358,973	-7,650,265	29,961,580
2030	40,768,007	13,455,886	12,490,988	1,267,799	13,249,350	40,464,022	303,985	30,265,565
2031	40,124,986	14,195,959	12,484,133	1,315,341	13,271,926	41,267,359	-1,142,373	29,123,192
2032	41,040,652	14,976,737	12,548,943	1,364,666	13,294,773	42,185,120	-1,144,467	27,978,725
2033	41,996,848	15,800,458	12,548,508	1,415,841	13,317,895	43,082,702	-1,085,854	26,892,871
2034	42,967,677	16,669,483	13,087,362	1,468,935	13,341,293	44,567,074	-1,599,396	25,293,474
2035	44,067,959	17,586,305	13,088,178	1,524,020	13,364,973	45,563,476	-1,495,517	23,797,957
2036								
2037								
2038								
2039								
2040								

↑ Actual
 ↓ Projected

Actual
 Projected, SOC included
 Projected

ASSUMPTIONS	TAX RATE: 17.75	ANNUAL INCREASE: 2.75%	INTEREST RATE: 1.20%
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Note 1: Includes payment for 4,000 AF of Sites Reservoir participation from BCVWD.

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DRAFT

SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE INCOME, EXPENDITURES and RESERVES
 ESTIMATES - ACTUAL AND PROJECTED
 2008 - 2035

3

Year	INCOME	EXPENSES					RESERVES	
	DEBT SERVICE TOTAL INCOME <i>Note 1</i>	Statement of Charges	EBX (Current and Projected)	Other Debt Service Expenses	DCP Sites Reservoir Water Transfers Other	TOTAL EXPENSES	DIFFERENCE	RESERVES (June)
	1	2	3	4	5	6	7	8
2004	6,137,727	2,100,865	4,299,939	663,484		7,064,288		8,575,893
2005	7,680,435	1,895,298	927,589	435,335		3,258,222		8,909,347
2006	9,409,975	1,957,662	1,060,689	692,814		3,711,165		10,451,061
2007	13,773,289	2,659,243	1,084,389	1,333,048		5,076,680		14,814,386
2008	14,855,134	3,361,840	802,786	1,421,477		5,586,103		21,085,657
2009	14,959,004	6,549,958	1,457,607	965,653		8,973,218		23,493,952
2010	14,172,478	5,897,432	1,462,776	1,019,082		8,379,290		23,431,245
2011	13,546,188	5,744,534	1,450,940	750,353		7,945,827		23,179,870
2012	16,607,976	5,827,218	1,446,795	878,392		8,152,405		25,727,239
2013	17,079,862	4,701,132	1,697,258	745,643		7,144,033		29,693,705
2014	16,984,001	4,284,111	1,835,322	636,864		6,756,297		32,984,738
2015	20,022,696	5,639,856	3,305,756	375,666		9,321,278		35,901,824
2016	21,915,393	5,436,297	2,539,354	321,878		8,297,529		36,816,064
2017	24,418,236	6,180,854	2,595,031	454,774		9,230,659		42,217,597
2018	26,421,116	2,592,511	13,869,200	291,028	8,105,985	24,858,724	1,562,392	44,268,814
2019	28,209,335	7,840,575	14,562,754	831,821	1,961,065	25,196,215	3,013,120	50,482,076
2020	27,926,345	7,877,487	14,818,721	909,700	3,697,800	27,303,708	622,637	51,104,713
2021	28,662,052	8,310,749	14,901,790	939,265	3,717,838	27,869,642	792,410	51,897,123
2022	29,812,599	8,767,840	14,875,643	969,791	5,228,866	29,842,140	-29,541	51,867,581
2023	31,126,831	9,250,071	14,570,732	1,001,310	5,761,887	30,584,000	542,831	52,410,412
2024	32,163,127	9,758,825	14,465,185	1,033,852	6,888,905	32,146,767	16,361	52,426,773
2025	33,290,215	10,295,560	14,357,630	1,067,452	8,622,422	34,343,065	-1,052,849	51,373,923
2026	34,531,540	10,861,816	15,841,999	1,104,813	9,956,191	37,764,819	-3,233,279	48,140,644
2027	36,086,910	11,459,216	17,943,253	1,143,482	11,190,215	41,736,165	-5,649,255	42,491,389
2028	37,616,261	12,089,473	21,031,258	1,183,503	11,818,247	46,122,482	-8,506,220	33,985,169
2029	39,225,526	12,754,394	20,933,112	1,224,926	12,446,541	47,358,973	-8,133,447	25,851,721
2030	40,266,936	13,455,886	12,490,988	1,267,799	13,249,350	40,464,022	-197,086	25,654,635
2031	39,605,479	14,195,959	12,484,133	1,315,341	13,271,926	41,267,359	-1,661,880	23,992,755
2032	40,502,146	14,976,737	12,548,943	1,364,666	13,294,773	42,185,120	-1,682,974	22,309,781
2033	41,438,764	15,800,458	12,548,508	1,415,841	13,317,895	43,082,702	-1,643,938	20,665,843
2034	42,389,420	16,669,483	13,087,362	1,468,935	13,341,293	44,567,074	-2,177,654	18,488,189
2035	43,468,915	17,586,305	13,088,178	1,524,020	13,364,973	45,563,476	-2,094,561	16,393,628
2036								
2037								
2038								
2039								
2040								

↑ Actual
↓ Projected

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Actual
 Projected, SOC included
 Projected

ASSUMPTIONS	TAX RATE: 17.50	ANNUAL INCREASE: 2.75%	INTEREST RATE: 1.20%
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Note 1: Includes payment for 4,000 AF of Sites Reservoir participation from BCVWD.

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**SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE INCOME, EXPENDITURES and RESERVES
ESTIMATES - ACTUAL AND PROJECTED
2008 - 2035**

4

Year	INCOME	EXPENSES					RESERVES	
	DEBT SERVICE TOTAL INCOME <i>Note 1</i>	Statement of Charges	EBX (Current and Projected)	Other Debt Service Expenses	DCP Sites Reservoir Water Transfers Other	TOTAL EXPENSES	DIFFERENCE	RESERVES (June)
	1	2	3	4	5	6	7	8
2004	6,137,727	2,100,865	4,299,939	663,484		7,064,288		8,575,893
2005	7,680,435	1,895,298	927,589	435,335		3,258,222		8,909,347
2006	9,409,975	1,957,662	1,060,689	692,814		3,711,165		10,451,061
2007	13,773,289	2,659,243	1,084,389	1,333,048		5,076,680		14,814,386
2008	14,855,134	3,361,840	802,786	1,421,477		5,586,103		21,085,657
2009	14,959,004	6,549,958	1,457,607	965,653		8,973,218		23,493,952
2010	14,172,478	5,897,432	1,462,776	1,019,082		8,379,290		23,431,245
2011	13,546,188	5,744,534	1,450,940	750,353		7,945,827		23,179,870
2012	16,607,976	5,827,218	1,446,795	878,392		8,152,405		25,727,239
2013	17,079,862	4,701,132	1,697,258	745,643		7,144,033		29,693,705
2014	16,984,001	4,284,111	1,835,322	636,864		6,756,297		32,984,738
2015	20,022,696	5,639,856	3,305,756	375,666		9,321,278		35,901,824
2016	21,915,393	5,436,297	2,539,354	321,878		8,297,529		36,816,064
2017	24,418,236	6,180,854	2,595,031	454,774		9,230,659		42,217,597
2018	26,421,116	2,592,511	13,869,200	291,028	8,105,985	24,858,724	1,562,392	44,268,814
2019	28,209,335	7,840,575	14,562,754	831,821	1,961,065	25,196,215	3,013,120	50,482,076
2020	27,581,929	7,877,487	14,818,721	909,700	3,697,800	27,303,708	278,221	50,760,297
2021	28,304,032	8,310,749	14,901,790	939,265	3,717,838	27,869,642	434,390	51,194,688
2022	29,440,551	8,767,840	14,875,643	969,791	5,228,866	29,842,140	-401,589	50,793,098
2023	30,740,319	9,250,071	14,570,732	1,001,310	5,761,887	30,584,000	156,319	50,949,417
2024	31,761,703	9,758,825	14,465,185	1,033,852	6,888,905	32,146,767	-385,064	50,564,353
2025	32,873,416	10,295,560	14,357,630	1,067,452	8,622,422	34,343,065	-1,469,648	49,094,705
2026	34,098,892	10,861,816	15,841,999	1,104,813	9,956,191	37,764,819	-3,665,927	45,428,777
2027	35,637,925	11,459,216	17,943,253	1,143,482	11,190,215	41,736,165	-6,098,240	39,330,537
2028	37,150,436	12,089,473	21,031,258	1,183,503	11,818,247	46,122,482	-8,972,046	30,358,492
2029	38,742,343	12,754,394	20,933,112	1,224,926	12,446,541	47,358,973	-8,616,630	21,741,862
2030	39,765,864	13,455,886	12,490,988	1,267,799	13,249,350	40,464,022	-698,158	21,043,704
2031	39,085,972	14,195,959	12,484,133	1,315,341	13,271,926	41,267,359	-2,181,387	18,862,317
2032	39,963,640	14,976,737	12,548,943	1,364,666	13,294,773	42,185,120	-2,221,480	16,640,838
2033	40,880,680	15,800,458	12,548,508	1,415,841	13,317,895	43,082,702	-2,202,022	14,438,816
2034	41,811,162	16,669,483	13,087,362	1,468,935	13,341,293	44,567,074	-2,755,912	11,682,904
2035	42,869,871	17,586,305	13,088,178	1,524,020	13,364,973	45,563,476	-2,693,605	8,989,299
2036								
2037								
2038								
2039								
2040								

↑ Actual
↓ Projected

69/103

Actual
Projected, SOC included
Projected

ASSUMPTIONS	TAX RATE: 17.25	ANNUAL INCREASE: 2.75%	INTEREST RATE: 1.20%
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Note 1: Includes payment for 4,000 AF of Sites Reservoir participation from BCVWD.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Fiscal Year 2019-2020 Debt Service Budget

DATE: August 5, 2019

Summary:

The Board passed the General Fund Fiscal Year 2019-2020 budget at the July 1 board meeting. The Board cannot adopt a debt service budget until it adopts a tax rate for the fiscal year. The purpose of this Board action is to approve a debt service budget for fiscal year 2019-2020. The Board reviewed the proposed debt service budget in detail at the Finance and Budget workshop on July 19. At that workshop, the Board requested that staff bring back a debt service budget with several alternative tax rates. Those alternative budgets and tax rates are included in the agenda package. They include tax rates of 18.25 cents, 17.75 cents, 17.50 cents, and 17.25 cents.

Background:

The Agency has two funds that it adopts budgets for each year—a General Fund, which is used to operate the Agency, and a Debt Service Fund, used to pay annual debt service and other costs associated with the State Water Project. The Debt Service Fund is funded with ad valorem tax dollars based on a tax rate set annually by the Board. The General Fund is funded with what is commonly referred to as 1% tax dollars, as well as revenues from water sales. The 1% tax dollars are property tax revenues from the County and are not tied to the Agency's ad valorem tax.

Detailed Report:

Staff reviewed a proposed debt service budget with a tax rate of 18.25 cents with the Board on July 19. The projected Debt Service expenditures were detailed at that time. At the tax rate proposed by staff of 18.25 cents (the current rate), the Debt Service budget had a projected surplus of \$1.3 million for 2019-20. The other tax rates

requested for discussion by the Board would have different results, as summarized below:

<u>Tax Rate</u>	<u>Surplus/Deficit</u>
18.25	\$1.3 million
17.75	\$642,000
17.50	\$304,000
17.25	(\$34,000)

Additional spread sheets are included in the board agenda package that provide more details for this year and for future years for each of the four tax rates listed above. The spread sheets all assume that the Agency would pay down approximately \$11 million in bonds in 2022 and 2024 to lower interest payments by approximately \$3 million over time.

Fiscal Impact:

Depending on what tax rate the Board sets in Resolution 2019-07, the impact on the Agency will be different. The best impact on the Agency is to adopt the 18.25 cent tax rate. Each lower tax rate will reduce the amount of surplus for this year (and all future years). Staff detailed for the Board at the Finance and Budget workshop the uncertainties ahead in SWP costs. These uncertainties include the timing of the contract extension amendment, causing more compression each year that it is not adopted; the amount of money that Contractors will have to pay to repair the Oroville spillway; and the amount and timing of funds to be used to alleviate subsidence issues in the San Joaquin Valley. These uncertainties, along with the uncertainty surrounding the Delta conveyance project, provide a lot of unknowns that the Agency will have to deal with over the next few years. Lowering the tax rate at this time will enable the Agency to reduce the tax burden on property owners in the region but will make it more difficult to handle the uncertainties ahead. Lowering the tax rate at this time could potentially lead to raising it at some point in the future.

Recommendation:

Staff recommends that the Board adopt a debt service budget with the least fiscal impact for the Agency, that is the budget with a tax rate of 18.25 cents.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: 2019 Exchange with City of Ventura and Casitas Municipal Water District

DATE: August 5, 2019

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to enter into an exchange agreement with the City of Ventura and the Casitas Municipal Water District to obtain 2000 acre-feet of water this year in exchange for 1000 acre-feet returned over the next ten years. The exchange would enable the Agency to meet all retailer requests for this year, with about 500 acre-feet left over for the Agency's use.

Background:

Retailer water delivery requests for 2019 from the Agency total approximately 17,600 acre-feet. The Agency is not able to meet those requests even with the 75% SWP allocation, the 1700 acre-feet of Nickel water, and the nearly 2000 acre-feet of carryover water that was delivered.

The Board has previously directed staff to negotiate with Ventura and Casitas to determine if the Agency could receive additional supplies this year in order to meet retailer requests for water and possibly to have additional water to deliver to the Agency's recharge facility that would be put in the Agency's storage account in the Beaumont Basin.

The Agency implemented a similar arrangement with Ventura and Casitas last year, with slightly different terms. The Agency has developed a relationship with Ventura and Casitas that could benefit the Agency in the future if additional SWP supplies are needed. Currently, Ventura and Casitas are not able to take delivery of their SWP water. They have recently begun a process to construct

infrastructure that will enable them to do so. It is estimated that it could take 7-10 years to plan, design, and construct that infrastructure.

Detailed Report:

The terms of the agreement negotiated with Ventura and Casitas are as follows. The Agency would pay 40% of their fixed SWP costs (about \$660,000) in 2019. In exchange, the Agency would take delivery of 2000 acre-feet of water from the two parties (two-thirds from Ventura, one-third from Casitas). The Agency would owe the parties half of this water back in the next ten years (by December 2019).

With no infrastructure to deliver this water currently, it is anticipated that it will be at least six years before exchange water could be delivered. If the infrastructure is not completed within ten years, other terms would be negotiated. If the SWP allocation is 30% or less in any year, Ventura and Casitas would not be able to request exchange water. If the SWP allocation is between 30% and 50%, the Agency could negotiate the amount of exchange water to be delivered that year. Only if the SWP allocation is above 50% in a given year would the Agency be required to deliver the amount of exchange water requested in that year.

The agreement also states that it is the intent of the parties to develop a long-term transfer agreement when the Water Management Amendment to the SWP contract is fully executed.

The Agency has worked out a schedule for delivery of this water, along with Nickel water and the rest of the Agency's Table A water this year. The schedule includes using the Agency's recharge facility starting in September. Staff is confident that all of the water can be delivered in this calendar year. It is staff's intent to carry over very little water into 2020, since it is highly likely that the initial SWP allocation for 2020 will be relatively high, given the current state of storage (nearly full).

There is a second agreement associated with this transaction. This is a four party agreement among the Agency, Ventura, Casitas, and DWR. This agreement is essentially an implementation agreement

and allows DWR to convey Ventura's water to the Agency, the Agency to schedule this water, and DWR to invoice the Agency for the water. That agreement is not included in the agenda package because it is not complete. A similar agreement was approved for the Agency's exchange with Ventura and Casitas last year.

Fiscal Impact:

The fixed costs of \$660,000 would be paid to Ventura and Casitas from the Debt Service fund. These costs are included in the Debt Service budget that the Board is considering at this Board meeting. The costs of delivering the water would be mostly covered by the water rate. If the Agency purchases some portion of the water (that is, if it is considered surplus to the region and no retailer wishes to purchase it), the Agency would take these funds out of reserves to pay for the water. It is estimated that this could cost approximately \$135,000 for 500 acre-feet of water. This water would be placed in the Agency's storage account in the Beaumont Basin. The Board recently adopted a policy for sale of water stored in the Agency's storage account.

Recommendation:

Staff recommends that the Board authorize the General Manager to sign the two agreements and to take all steps necessary to implement the exchange, including CEQA compliance.

AGREEMENT
between
SAN GORGONIO PASS WATER AGENCY
and the
CITY OF SAN BUENAVENTURA and CASITAS MUNICIPAL WATER DISTRICT
FOR THE EXCHANGE OF
2019 STATE WATER PROJECT TABLE A WATER

This Agreement is made by and between the City of San Buenaventura, a charter city and municipal corporation of the State of California ("Ventura"), and Casitas Municipal Water District, a California special district ("Casitas"), on the one hand, and San Gorgonio Pass Water Agency, a special act agency formed under Water Code Uncodified Acts, Act 1100 ("SGPWA"), on the other hand.

BACKGROUND AND PURPOSE

1. Ventura and Casitas together hold rights to fifteen thousand (15,000) acre-feet of a twenty thousand (20,000) acre-foot Table A allocation to State Water Project water ("Table A Water"), initially held by the Ventura County Watershed Protection District ("VCWPD") but assigned to Casitas for all authorities and responsibilities (see Exhibits A and B hereto).
2. Of the 20,000 acre-foot Table A Water allocation set forth in Paragraph 1 above, Ventura's State Water Project Table A allocation is ten thousand (10,000) acre-feet per calendar year ("Ventura Table A Water") and Casitas' State Water Project Table A allocation is five thousand (5,000) acre-feet per calendar year ("Casitas Table A Water"); United Water Conservation District holds the remaining State Water Project Table A allocation of five thousand (5,000) acre-feet per calendar year.
3. Ventura and Casitas do not plan to take direct delivery of their respective Table A Water for 2019.
4. As of June 19, 2019, the Department of Water Resources ("DWR") has allocated seventy five percent (75%) of each State Water Project Contractor's Table A amount for delivery in 2019.
5. SGPWA would like to take delivery of Ventura Table A Water and Casitas Table A Water in 2019 in the amount of 1,350 AF and 650 AF respectively.
6. SGPWA is willing to compensate Ventura for Ventura 2019 Table A Water as set forth in this Agreement.

7. SGPWA is willing to compensate Casitas for Casitas 2019 Table A Water as set forth in this Agreement.
8. Ventura and Casitas are willing for SGPWA to take delivery of Ventura's and Casitas' allocations in the amount of 1,350 AF and 650 AF respectively.
9. Ventura and Casitas have agreed that their respective allocations in 2019 totaling 2,000 AF will be delivered to SGPWA, in exchange for SGPWA's agreement to return to Ventura and Casitas within ten (10) years, no later than the end of calendar year 2029, fifty percent (50%) of the quantity of the Ventura Table A Water and 50% of the Casitas Table A Water that is delivered to SGPWA pursuant to this Agreement.
10. Ventura and Casitas are currently pursuing a direct delivery method for State Water Project water that estimates construction within ten (10) years pending the necessary permits and approvals.
11. It is the expressed intent of the parties to negotiate a long-term exchange or transfer agreement, separate from this Agreement, when the applicable amendments or modification are made to State Water Project Contracts, and/or rules and regulations of the State Water Project, which may permit such exchanges and transfers. A long-term exchange could be utilized until such time as Ventura and Casitas can take direct delivery of State Water. It is hereby acknowledged and agreed that nothing in this Agreement shall be deemed to be a binding agreement to enter into a long-term exchange or transfer agreement and each party reserves the right to decide whether or not to enter into such an agreement in their sole discretion.

TERMS AND CONDITIONS

1. Payment to Ventura. SGPWA agrees to pay to Ventura forty percent (40%) of Ventura's Transportation Capital and Minimum and Conservation Capital and Minimum Charges for 2019 (estimated at one million, one hundred thousand dollars (\$1,100,000)). The amounts and due dates for such charges are set forth by DWR in DWR's statement of charges, invoices or other applicable documentation.
2. Payment to Casitas. SGPWA agrees to pay to Casitas forty percent (40%) of Casitas' Transportation Capital and Minimum and Conservation Capital and Minimum Charges for 2019 (estimated at five hundred, fifty thousand dollars (\$550,000)). The amounts and due dates for such charges are set forth by DWR in DWR's statement of charges, invoices or other applicable documentation.
3. DWR Approval. DWR's written approval of this Agreement, including the terms and conditions herein, is necessary to effectuate this exchange. DWR's approval shall be

provided in the form of an agreement among the entities as determined by DWR. In the event DWR does not approve this Agreement and/or the Table A Water subject to this Agreement is not permitted to be exchanged as contemplated in this Agreement, Ventura and Casitas will each refund to SGPWA a payment equal to the amounts described in Terms and Conditions Paragraphs 1 and 2 above. Said payment shall be made within thirty (30) days from the date of any such disapproval by DWR.

4. Deliveries to SGPWA. Upon receipt of payment from SGPWA equal to the amount described in Terms and Conditions Paragraphs 1 and 2 above, Ventura and Casitas will request that DWR deliver to SGPWA, in calendar year 2019, Ventura and Casitas' 2019 Table A Water allocations from the State Water Project in the amount of 1,350 AF and 650 AF respectively. Ventura and Casitas shall request that DWR cause said deliveries to be made at a location and according to a delivery schedule requested by SGPWA and approved by DWR. The Table A Water will be delivered to SGPWA from the State Water Project through facilities already in existence when the Table A Water is delivered, such that it will not be necessary to construct additional facilities in order to affect delivery of the Table A Water pursuant to this Agreement. SGPWA will be responsible for payment of all variable and other such charges imposed by DWR and calculated as a function of the quantity of Ventura Table A Water and Casitas Table A Water actually delivered to SGPWA pursuant to this Agreement. The amounts and due dates for such charges are set forth by DWR in DWR's statement of charges, invoices or other applicable documentation.
5. Return Deliveries to Ventura. Ventura and SGPWA shall arrange for return deliveries to Ventura of fifty percent (50%) of the Ventura Table A Water over a ten (10) year period beginning upon the effective date of this Agreement and expiring at the end of calendar year 2029. The arrangements for return deliveries shall be made as follows: Ventura shall provide written notice to SGPWA on or before May 1 of any year in which Ventura desires to receive return deliveries. Ventura and SGPWA will then work with DWR to schedule delivery of the water within that applicable calendar year. Ventura will then pay the variable costs for the return deliveries. Ventura may not request return deliveries in a year in which the final State Water Project allocation is thirty percent (30%) or less. If the final State Water Project allocation in any year is between thirty percent (30%) and fifty percent (50%), and Ventura requests return deliveries, SGPWA and Ventura shall negotiate in good faith as to the amount of return deliveries for said calendar year. Upon expiration of the 10-year period, a determination will be made as to any amount of return deliveries which were not made due to the lack of infrastructure available for Ventura to take return deliveries ("Exchange Water Balance"). In the event there is an Exchange Water Balance, Ventura and SGPWA shall engage in good faith negotiations to determine whether the parties can agree upon alternative means for delivery of the Exchange Water Balance. Such alternative means

may include, for example and not by way of limitation, the following: (a) extension of the 10-year term for an additional term of not to exceed five (5) years; or (b) rolling over the Exchange Water Balance into a long-term exchange or transfer agreement which may be developed between Ventura and SGPWA as referenced in Background and Purpose Paragraph 11. Except as set forth herein in regard to an Exchange Water Balance, upon expiration of this Agreement, there shall be no further rights or obligations in regard to return deliveries.

6. Return Deliveries to Casitas. Casitas and SGPWA shall arrange for the return delivery to Casitas of fifty percent (50%) of the Casitas Table A Water over a ten (10) year period beginning upon the effective date of this Agreement and expiring at the end of calendar year 2028. The arrangements for return deliveries shall be made as follows: Casitas shall provide written notice to SGPWA on or before May 1 of any year in which Casitas desires to receive return deliveries. Casitas and SGPWA will then work with DWR to schedule delivery of the water within that applicable calendar year. Casitas will then pay the variable costs for the return deliveries. Casitas may not request return deliveries in a year in which the final State Water Project allocation is thirty percent (30%) or less. If the final State Water Project allocation in any year is between thirty percent (30%) and fifty percent (50%), and Casitas requests return deliveries, SGPWA and Casitas shall negotiate in good faith as to the amount of return deliveries for said calendar year. Upon expiration of the 10-year period, a determination will be made as to any amount of return deliveries which were not made due to the lack of infrastructure available for Casitas to take return deliveries ("Exchange Water Balance"). In the event there is an Exchange Water Balance, Casitas and SGPWA shall engage in good faith negotiations to determine whether the parties can agree upon alternative means for delivery of the Exchange Water Balance. Such alternative means may include, for example and not by way of limitation, the following: (a) extension of the 10-year term for an additional term of not to exceed five (5) years; or (b) rolling over the Exchange Water Balance into a long-term exchange or transfer agreement which may be developed between Casitas and SGPWA as referenced in Background and Purpose Paragraph 11. Except as set forth herein in regard to an Exchange Water Balance, upon expiration of this Agreement, there shall be no further rights or obligations in regard to return deliveries.
7. Places of Use. The water delivered to SGPWA in 2019 pursuant to this Agreement shall be used entirely within SGPWA's service area. The return water deliveries to Ventura and Casitas pursuant to this Agreement shall be used entirely within the service areas of Ventura and Casitas, as applicable.
8. California Environmental Quality Act (CEQA). SGPWA agrees to ~~de comply with the~~ California Environmental Quality Act ("CEQA") ~~compliance for SGPWA's service area and~~ ~~for with respect to~~ SGPWA's performance of this Agreement and the use of Exchange

Water in its service area. Ventura and Casitas shall ~~comply with complete~~ CEQA compliance for their respective service areas and ~~for~~ with respect to their respective performance of this Agreement and the use of Exchange Water in their respective service areas. No exchange of Exchange Water shall occur until the CEQA process has been completed by all parties.

9. Transaction Costs. Ventura, Casitas, and SGPWA shall each be responsible for its own legal and consulting costs incurred in the preparation, review, and implementation of this Agreement. Ventura, Casitas, and SGPWA acknowledge that it will also be necessary for them to sign an additional agreement to be prepared by DWR to address changes in points of delivery and other issues related to operation of the State Water Project. Ventura, Casitas, and SGPWA each agrees to cooperate with DWR and with each other in the preparation, review, and execution of that agreement with DWR, and with the processing of such other approvals as may be necessary to affect the exchange described herein.
10. Costs of Defense. In the event of any legal action by a third party to challenge this Agreement and/or the exchange described herein, Ventura, Casitas, and SGPWA agree to cooperate in the defense thereof and to share equally in the costs of such defense, utilizing counsel mutually acceptable to the parties.
11. Force Majeure. In the event that an unavoidable event renders the performance of this Agreement impossible or infeasible, the parties hereto shall be excused from the performance thereof, with a corresponding refund or adjustment of the payments required herein as may be necessary to achieve financial equity as between the parties for that portion of the Agreement that cannot be performed; provided, however, that Ventura, Casitas, and SGPWA shall first coordinate with DWR to determine whether alternate performance may be possible pursuant to an alternate schedule for completion of performance.
12. Authority and Representations. The undersigned representatives of Ventura, Casitas, and SGPWA hereby represent that he or she is authorized to execute the Agreement for the party on whose behalf this Agreement is executed. Ventura and Casitas hereby represent and warrant that they have all rights and authorities to perform this Agreement including, for example and not by way of limitation, the contractual rights as described in Background and Purpose Paragraphs 1 and 2. SGPWA hereby represents and warrants that it has all rights and authorities to perform this Agreement.
13. Notice. All notices given or required to be given pursuant to this Agreement shall be in writing provided by first-class mail, postage prepaid, to the following addresses:

San Geronio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223
Attn: Jeff Davis, General Manager

City of San Buenaventura
501 Poli Street
Ventura, CA 93001
Attn: Alex D. McIntyre, City Manager

Casitas Municipal Water District
1055 N Ventura Avenue
Oak View, CA 93022
Attn: Steve Wickstrum, General Manager

14. Alteration. No alteration, change or modification of the terms of this Agreement shall be valid unless made in writing and signed by all Parties hereto.
15. Entire Agreement. This writing embodies the entire agreement and understanding between the Parties hereto, and there are no other agreements and understandings, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby, it being the intent of the Parties that none shall be bound by any terms, conditions, or representations not written here.

[Signatures follow.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates set forth below.

SAN GORGONIO PASS WATER AGENCY

By: _____
Jeff Davis, General Manager

Date: _____

CITY OF SAN BUENAVENTURA

By: _____
Alex D. McIntyre, City Manager

Date: _____

APPROVED AS TO FORM

Gregory G. Diaz, City Attorney

By: _____
Miles P. Hogan, Assistant City Attorney II

Date: _____

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Michael Flood, General Manager

Date: _____

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Transfer of 100 Acre-Feet of Nickel Water to Los Angeles Department of Water and Power

DATE: August 5, 2019

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to transfer (sell) 100 acre-feet of 2019 Nickel water to the Los Angeles Department of Water and Power (Department) in exchange for all costs associated with procuring and delivering the water.

Background:

Since the acquisition of 1700 acre-feet of 100% reliable Nickel water in 2017 for twenty years, the Board has discussed selling all or part of this water to other parties on a short-term and long-term basis, and has directed staff to look into possibilities for doing so. With that direction, staff has had conversations with various parties regarding this water and the demand for it.

Water is more difficult to market in wet years, which this is. Staff has not been able to find a party willing to purchase the entire 1700 acre-feet this year (at least so far). However, the Department has expressed a desire to acquire 100 acre-feet this year and has an interest in perhaps acquiring more of this water in future years, particularly dry ones.

The Department has constructed an intertie between the Los Angeles Aqueduct, conveying Owens Valley water to the City of Los Angeles, and the East Branch of the California Aqueduct. However, this intertie has never had occasion to be used. The Department wishes to test the intertie this year using Nickel water, and is willing to pay all

costs associated with the purchase of 100 acre-feet of that water and delivery of it to the intertie.

Detailed Report:

Staff has negotiated a draft agreement with the Department (included in the agenda package) that sets forth the terms of the exchange. The General Counsel has reviewed the draft agreement. The terms of the draft agreement are relatively simple. The Agency would deliver to the intertie 100 acre-feet of Nickel water on an agreed-upon schedule, whereupon the Department would take delivery of it and run it through the intertie. In exchange, the Department would pay the Agency the cost of purchasing the 100 acre-feet of Nickel water and of delivering it to the intertie. The approximate cost of the water itself is \$113,000. The cost of delivery (pumping) is approximately \$260-\$280 per acre-foot; this could vary, depending on when it is delivered. The agreement says that the Department will pay the exact cost billed by the Department of Water Resources for transportation of this water.

The thrust of the exchange is that the Agency would be relieved of the cost of 100 acre-feet of Nickel water this year, reducing the amount that would be drawn from reserves to pay for the water. The Agency is paying 50% of the Nickel water, or approximately \$1 million, out of reserves this year.

The Department of Water Resources, who is responsible for delivering the water, has developed an agreement that allows the Agency to put this water in the Aqueduct at the Tupman turnout and to deliver it to the LADWP intertie. That agreement is included in the agenda package as well. The Antelope Valley-East Kern Water Agency and Kern County Water Agency are parties to this agreement because the intertie is in AVEK's service area and KCWA must put the water into the Aqueduct. AVEK and KCWA fully support the transfer. There is no opposition to the transfer among State Water Contractors.

Fiscal Impact:

If approved, the transaction would decrease the net amount of money that the Agency expends this year on Nickel water by approximately \$112,622, thus reducing the amount that would be taken out of

reserves by this amount. This represents a total cost of Nickel water (not including transportation) of \$1126 per AF. This transaction will not impact the Agency's ability to deliver all the water requested by retail water agencies this year.

Recommendation:

Staff recommends that the Board authorize the General Manager to finalize the MOU with LADWP, to sign both the MOU and the agreement assuming no substantive revisions, and to take all steps necessary to implement the 100 acre-foot transfer with the Department, including CEQA compliance.

DRAFT

Pursuant to exemptions from disclosure including, but not limited to:
Government Code Sections 6254(a), (e), (h), (k), and 6255

MEMORANDUM OF UNDERSTANDING
(Nickel Water Purchase)

This Memorandum of Understanding (“MOU”) is entered into as of June [], 2019, by and between San Gorgonio Pass Water Agency (“SGPWA”) and the City of Los Angeles, acting by and through its Department of Water and Power (“LADWP”).

RECITALS

- A. LADWP is a municipal utility that is responsible for providing water to its residents. LADWP has completed construction of a connection from its LA Aqueduct to the State Water Project (“SWP”) at the California Aqueduct (“LADWP Connection”) with the cooperation and approval of the California Department of Water Resources (“DWR”), operator of the SWP, and the Metropolitan Water District of Southern California (“MWD”). The purpose of the new connection is to provide LADWP an ability to purchase and receive non-SWP water for use within the City of Los Angeles, as needed.
- B. SGPWA is a State Water Project Contractor with long-term lease rights to a non-SWP water supply (referred to as the “Nickel Water”) that originates in Kern County and is leased and delivered to SGPWA by the Antelope Valley-East Kern Water Agency (“AVEK”). SGPWA is authorized to convey the Nickel Water to its service area through its contracted conveyance capacity in the East Branch Extension of the State Water Project (“EBX”), as available, and under the existing policies and procedures of DWR.
- C. LADWP desires to purchase 100 acre-feet of the Nickel Water from SGPWA for delivery to the LADWP Connection.
- D. SGPWA is willing to sell and convey 100 acre-feet of the Nickel Water to LADWP under the terms and conditions that are specified herein.
- E. AVEK is a State Water Project Contractor and its territory contains the area where the Los Angeles Aqueduct and the California Aqueduct meet at the LADWP Connection.
- F. DWR is the owner and operator of the SWP and the California Aqueduct and it determines whether the Nickel Water is eligible to be transported through its system.

NOW THEREFORE, SGPWA and LADWP agree as follows:

AGREEMENT

1. Purchase of Nickel Water. LADWP shall purchase from SGPWA One Hundred (100) acre-feet of Nickel Water delivered to the LADWP Connection (“Purchased Water”) for the price of One Thousand One Hundred Fifty Dollars (\$1,150) per acre-foot (“Purchase Price”). The Purchase Price is inclusive of all costs associated with the delivery of the Purchased Water, except for the Delivery Charge that is defined in Section 2.

2. Delivery Charge. In addition to the Purchase Price, LADWP will pay the actual costs assessed to SGPWA by DWR for pumping the Purchased Water from the source via the EBX and California Aqueduct to the LADWP connection point (“Delivery Charge”). The Delivery Charge is inclusive of all charges associated with the conveyance of the Purchased Water in the EBX. It is anticipated that the Delivery Charge for the Purchased Water will be in the range of [\$26,000] to [\$28,000], but shall not exceed [\$282,000]. If the Delivery Charge is estimated to be higher than the foregoing range pursuant to Section 3(b) below, then LADWP must agree in writing to be obligated to pay such higher amount.

3. Delivery Schedule. LADWP and SGPWA will agree on a delivery schedule for the Purchased Water.

4. Conditions Precedent. The obligations of SGPWA and LADWP to undertake the transaction described herein with respect to the Purchased Water are subject to the satisfaction of the following conditions precedent no later than [December 1 , 2019]:

- (a) this MOU shall have been approved by the respective governing bodies of LADWP and SGPWA;
- (b) SGPWA will have obtained the consent of DWR to the use of the California Aqueduct for the delivery of the Purchased Water at the LADWP Connection and will have further provided an estimate of the Delivery Charge;
- (c) SGPWA will notify AVEK of the proposed transaction and AVEK will not have objected to the delivery of the Purchased Water to the LADWP Connection as of the date that all other conditions have been satisfied;
- (d) SGPWA will have obtained all permits and approvals required from all agencies, including but not limited to DWR and AVEK, to schedule and convey the Purchased Water for delivery on terms acceptable to SGPWA and DWP; and
- (e) SGPWA will have complied with any other federal, state or local requirements which are applicable to the transaction described herein, including without limitation, compliance with CEQA.

5. Payment. LADWP shall pay to SGPWA the aggregate Purchase Price of One Hundred Fifteen Thousand Dollars (\$115,000) for the Purchased Water upon (i) receipt of written confirmation from SGPWA that all of the conditions precedent in Section 4 have been satisfied; and (ii) a final delivery schedule has been approved by LADWP. The Delivery Charge will be paid by LADWP upon presentment by SGPWA of written documentation of the amount assessed by DWR for pumping and conveyance of the Purchased Water.

6. Quality. SGPWA represents and warrants that the Purchased Water will be of sufficient quality for delivery through the EXB and the California Aqueduct as contemplated herein. LADWP acknowledges that once the Purchased Water has been placed in the EBX and the California Aqueduct for transport to the LADWP Connection, SGPWA will have no further responsibility for the quality of such water.

7. Miscellaneous Provisions.

7.1 Term and Termination. This MOU shall terminate on [insert date], unless extended by mutual agreement in writing. Either Party may terminate this MOU in the event that the conditions precedent in Section 4 are not satisfied as of the date set forth therein.

7.2 Subject to Applicable Law. The Parties acknowledge and agree that this MOU and the rights and obligations of the Parties hereunder shall be subject to the laws governing public agencies as they now exist and as they may be hereafter amended or codified by the legislature of the State of California.

7.3 Entire Agreement. This MOU contains the entire understanding of the Parties with respect to its subject matter, and supersedes all prior agreements, oral or written, and all prior or contemporaneous discussions or negotiations between the Parties. This MOU cannot be amended except in writing signed by both Parties.

7.4 Notices. All notices or other communications required or desired to be given pursuant to this MOU shall be in writing and shall be hand-delivered or sent by a reputable overnight courier service providing delivery confirmation. Each such notice or communication shall be deemed to be duly given when hand-delivered or one (1) day after being deposited for next day delivery with Federal Express or a similar courier. Each such notice or communication shall be addressed to the Parties at their respective addresses set forth next to their signatures below, or such other address as a Party notifies the other in writing.

7.5 Headings; Section References. Captions and headings appearing in this MOU are inserted solely as reference aids for the ease and convenience; they shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions.

7.6 Assignment. No Party shall assign this MOU in whole or in part without first receiving the prior written approval of the other Party. Any unauthorized attempt to assign this MOU shall be null and void.

7.7 No Attorneys Fees. In the event that any action or proceeding is brought to enforce one or more of the terms of this MOU, each side agrees to cover its own costs and attorneys' fees.

7.8 Governing Law. This MOU is a contract governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the date first set forth above.

SGPWA

SAN GORGONIO PASS WATER AGENCY

By: _____
Name: _____
Title: _____

Address: _____

LADWP

LOS ANGELES DEPARTMENT OF
WATER AND POWER

By: _____
Name: _____
Title: _____

Address: _____

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



JUL 01 2019

Mr. Dwayne Chisam
General Manager
Antelope Valley-East Kern Water Agency
6500 West Avenue N
Palmdale, California 93551-2855

Mr. Curtis Creel
General Manager
Kern County Water Agency
Post Office Box 58
Bakersfield, California 93302-0058

This Letter Agreement (SWPAO #19015) is in response to Antelope Valley-East Kern Water Agency's (AVEK) request on April 9, 2019, on behalf of the Los Angeles Department of Water and Power (LADWP), that the Department of Water Resources of the State of California (DWR) approves the conveyance of up to 100 acre-feet of Non-Project Water to AVEK's LADWP Turnout.

This Non-Project Water is "Nickel Water" located in Kern County that LADWP has acquired from San Geronio Pass Water Agency (SGPWA). On May 24, 2006, the agreements entitled "Agreement Among the Department of Water Resources of the State of California, the Antelope Valley-East Kern Water Agency, the Metropolitan Water District of Southern California and the City of Los Angeles by and through its Department of Water and Power for the Construction, Operation and Maintenance of Antelope Valley-East Kern Water Agency's LADWP Turnout, a Permanent Turnout, within the California Aqueduct Right-of-Way" and "Additional Agreement Among the Department of Water Resources of the State of California, the Antelope Valley-East Kern Water Agency, and the City of Los Angeles by and through its Department of Water and Power for the Construction, Operation and Maintenance of Antelope Valley-East Kern Water Agency's LADWP Turnout, a Permanent Turnout, within the California Aqueduct Right-of-Way (SWPAO #05603)" were executed, providing for the construction, operation, and maintenance of a permanent turnout located in AVEK's service area (AVEK's LADWP Turnout) which would allow direct deliveries of water from the California Aqueduct to LADWP's service area within The Metropolitan Water District of Southern California's (MWDSC) service area via the Los Angeles Aqueduct. Additionally, although LADWP is a member agency of MWDSC, SWPAO #05603 allows for AVEK to request for the delivery of non-project water to AVEK's LADWP Turnout, on behalf of LADWP, under Article 55 of its long-term Water Supply Contract with DWR.

Mr. Dwayne Chisam, et al

JUL 01 2019
Page 2

Because the Non-Project Water resides in Kern County, Kern County Water Agency (KCWA) will make the Non-Project Water available in Reach 14A of the California Aqueduct for subsequent delivery by DWR to AVEK's LADWP Turnout by December 31, 2019.

In compliance with the California Environmental Quality Act (CEQA), AVEK, as the lead agency, has determined that this water transfer is categorically exempt from CEQA and filed a Notice of Exemption (NOE) with the State Clearinghouse (SCH) on April 22, 2019 (SCH# 2019048435). DWR, as the responsible agency, has considered this document prior to entering into this Agreement. DWR will file an NOE based on CEQA Guidelines Section 15301 (Existing Facilities) upon execution of this Agreement.

DWR is willing to approve the conveyance of up to 100 acre-feet of Non-Project Water to AVEK's LADWP Turnout, in accordance with Article 55 of AVEK's long-term Water Supply Contract with DWR, subject to the following terms and conditions:

TERM

1. This Agreement shall be effective upon execution by all Parties and shall terminate on December 31, 2019 or upon final payment to DWR of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until December 31, 2023, or until any claim or litigation concerning this Agreement asserted to DWR or AVEK as of December 31, 2023, is finally resolved, whichever occurs later.

UNIQUENESS OF AGREEMENT

2. DWR's approval under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

APPROVAL

3. The delivery of water under this Agreement shall be contingent upon, and subject to, any necessary approvals and shall be governed by the terms and conditions of such approvals and any other applicable legal requirements. AVEK and LADWP shall be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. AVEK and LADWP shall furnish to DWR copies of all approvals and agreements required for the delivery of Non-Project Water under this Agreement.

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Page 3**NON-PROJECT WATER CONVEYANCE TO AVEK**

4. KCWA will make available up to 100 acre-feet of Non-Project Water at Reach 14A of the California Aqueduct for subsequent delivery by DWR to AVEK's LADWP Turnout at approximately Milepost 311.84.
5. The delivery of Non-Project Water to AVEK under this Agreement shall be in accordance with Article 55 of AVEK's Water Supply Contract with DWR.
6. Currently, DWR does not apply conveyance losses to DWR conveyance of Non-Project Water through SWP facilities for SWP contractors. If DWR decides to implement a conveyance losses policy to DWR conveyance of Non-Project Water through SWP facilities for SWP contractors, the Parties agree that such losses shall apply to those deliveries made under this Agreement after DWR's decision. In that case, DWR will deliver to AVEK's LADWP Turnout the approved amount of Non-Project Water, minus applicable conveyance losses from Reach 14A of the California Aqueduct to AVEK's LADWP Turnout at approximately Milepost 311.84.
7. The sum of deliveries scheduled to AVEK under this Agreement, plus scheduled AVEK SWP water deliveries, plus deliveries to AVEK under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under AVEK's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

8. All water delivery schedules and revisions shall be in accordance with Article 12 of AVEK's Water Supply Contract.
9. KCWA may propose modifications to the proposed schedule for the delivery of Non-Project Water to AVEK under this Agreement if, on the basis of a with and without analysis, KCWA determines that such deliveries would adversely impact KCWA's finances, water supply or operations, and AVEK and LADWP do not agree to mitigate for such impacts. The base case (without analysis) shall be those conditions estimated to occur in the absence of deliveries to KCWA. The KCWA analysis is a matter involving KCWA, AVEK, and LADWP, not DWR. DWR is not liable to AVEK, LADWP, or the determinations KCWA makes under this paragraph. DWR is not asserting the validity of KCWA's analysis, nor is it to be held liable by AVEK and LADWP for any actions resulting from KCWA's analysis.

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10. In coordination with LADWP and KCWA, AVEK shall submit revised monthly water delivery schedules for approval to the State Water Project Analysis Office (SWPAO), Water Deliveries Section, indicating timing and point of delivery requested pursuant to this Agreement with reference to SWPAO #19015. Revised schedules shall be sent by electronic mail to SWPDeliveries@water.ca.gov or by FAX to (916) 653-9628, Attention: Chief, Water Deliveries Section.
11. In coordination with LADWP and KCWA, AVEK shall submit weekly water schedules for the delivery of Non-Project Water under this Agreement to the Southern Field Division, Water Operations Section, indicating timing and point of delivery requested with reference to SWPAO #19015. Schedules shall be sent by electronic mail to SFDwaterschedule@water.ca.gov or by FAX to (661) 294-3651, Attention: Chief, Water Operations Section.
12. In coordination with LADWP and AVEK, KCWA shall submit weekly water schedules for making the Non-Project Water under this Agreement available to the San Joaquin Field Division, Water Operations Section, indicating timing and point of delivery requested with reference to SWPAO #19015. Schedules shall be sent by electronic mail to SJFDwaterschedule@water.ca.gov or by FAX to (661) 858-0203, Attention: Chief, Water Operations Section.
13. All weekly schedules described above shall be sent by electronic mail by 10:00 a.m. Wednesday, for the following week, Monday through Sunday, to the appropriate field division.
14. Weekly water schedules shall also be concurrently sent by electronic mail or faxed to the State Water Project Operations Control Office:
 - a. Water Management Branch
Water_deliv_sched@water.ca.gov
FAX to: (916) 574-2785,
Attention: Chief, Water Management Branch
 - b. Power Management and Optimization Branch
POCOptimization@water.ca.gov
FAX to: (916) 574-2785,
Attention: Chief, Power Management and Optimization Branch
 - c. Pre-Scheduling Section
Presched@water.ca.gov
FAX to: (916) 574-2782,
Attention: Chief, Pre-Scheduling Section

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WATER DELIVERY RECORDS

15. DWR will maintain monthly records documenting the delivery of Non-Project Water to AVEK under this Agreement. AVEK shall certify to SWPAO the quantity of water delivered under this Agreement within 30 days of actual delivery, with reference to SWPAO #19015.

CHARGES

16. AVEK shall pay to DWR the SWP charges associated with the delivery of the Non-Project Water from Reach 14A of the California Aqueduct to AVEK's LADWP Turnout at approximately Milepost 311.84, in accordance with Article 55 of AVEK's Water Supply Contract. The following charges shall apply in the month the Non-Project Water is delivered to AVEK:
 - a. The Variable Operation, Maintenance, Power, and Replacement Components of the Transportation Charges;
 - b. All other applicable payments under AVEK's Water Supply Contract, including the Off-Aqueduct Facilities Charges; and
 - c. Any identified demonstrable increase in non-power costs that would otherwise be borne by the SWP contractors not signatory to this Agreement or by DWR as a result of activities under this Agreement.
17. Payment terms shall be in accordance with AVEK's Water Supply Contract.
18. All payments under this Agreement not covered by AVEK's Water Supply Contract shall be due within 30 days after the date of DWR's billing, and interest shall be charged for all delinquent payments. AVEK shall pay DWR accrued interest on all overdue payments at the rate of one percent (1%) per month from the due date to the date of payment.

NO IMPACT

19. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. AVEK shall be responsible, as determined by DWR, for any adverse impacts that may result from the delivery of water under this Agreement.

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LIABILITY

20. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of AVEK's Water Supply Contract, with responsibilities under the terms of that article shifting from DWR to AVEK, when the water is delivered to the designated turnouts.
21. AVEK agrees to defend and hold DWR, its officers, employees and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees and agents incur as a result of DWR providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees and agents.
22. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable forces. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. AVEK shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

EXECUTION

23. This Agreement may be executed in counterpart. The parties agree to accept facsimile or electronically scanned signatures as original signatures. The Agreement shall take effect as soon as all parties have signed.
24. Immediately after execution, AVEK and KCWA shall transmit a copy of the executed Agreement by facsimile or electronic file to Pedro Villalobos, Chief, State Water Project Analysis Office at (916) 653-9628, or swpao-chief@water.ca.gov and to each other at:

AVEK: (661) 943-3204 Fax or dchisam@avek.org

KCWA: (661) 634-1401 Fax or ccreel@kcwa.com

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25. If AVEK requires a Board of Directors' approval of this Agreement, it shall send a facsimile or electronic file of the board approval to DWR.

If you have any questions or need additional information, you may contact David Rizzardo at (916) 653-9593 and refer to SWPAO #19015.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel Ledesma". The signature is written in a cursive style with a large initial "J".

Joel Ledesma
Deputy Director
State Water Project

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ACCEPTED:

ANTELOPE VALLEY-EAST KERN
WATER AGENCY

KERN COUNTY WATER AGENCY

Signature

Signature

Title

Title

Date

Date

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Infrastructure Planning Study

DATE: August 5, 2019

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to contract with Provost & Pritchard to perform a study that will identify what infrastructure the Agency may need to invest in that could be wholly or partly funded with a capacity fee.

Background:

For a number of years, the Agency has attempted to adopt a capacity fee or fee on new construction to help finance additional infrastructure and water supplies that would be required to meet increased demand due to the population growth. In 2015, the Agency adopted such a fee by resolution, but no retail water agencies or land use planning agencies have signed on to collect the fee, which is required in the Agency Act.

Since that time, the Agency's plans have changed, and there is a need to revise the fee to reflect more current priorities. The primary purpose of the study, which is included in this year's budget, is to identify what infrastructure could or should be included in such a fee. The study is required prior to implementing the fee to show the justification in including such infrastructure in a capacity fee.

Detailed Report:

Staff has been working with a capacity fee ad hoc committee on this issue for some time. The Committee recognizes that, in order to adopt a capacity fee, the Agency must decide on the fee on a per-unit basis. That involves calculating the total amount of dollars the Agency requires for the water and facilities identified in the fee resolution, as well as the number of units that will be constructed over

the defined period. The fee is the total dollars required divided by the number of units to be constructed. The purpose of the infrastructure study is to help provide the numerator, or total dollars required, portion of the fee calculation.

Staff has worked with the Committee to help identify some of the infrastructure that staff believes will need to be constructed to help meet future water demands. This includes at a minimum the proposed Delta Conveyance project, Sites Reservoir, and shares in an outside water bank. The Agency may wish to invest more than its proportional share in the Delta Conveyance project; this will be part of the study.

Staff asked Provost & Pritchard for a proposal to perform this study. This was done because of the firm's vast knowledge of current and planned groundwater banks. Determining what groundwater bank to invest in, and how much to invest, will be a large portion of the project's scope, and Provost & Pritchard is well versed in these matters, more so than most consultants. A copy of the Provost & Pritchard proposal is included in the agenda package. The total amount of the study is \$48,300. The Agency budgeted \$30,000 for this in the 2019-2020 general fund budget. The proposed costs are higher in part because of the amount of interaction with retail water agency managers, the Board, and the Agency's financial advisor (DTA), plus the calculation of annual payments from 2020 through 2040. Staff did not originally believe that this would be required; however, after consulting with Provost & Pritchard, staff believes that this is money well spent.

Fiscal Impact:

A portion of the proposed amount is not included in the general fund budget. However, the Agency is well able to absorb the additional \$18,300 not budgeted for and will ensure that this will not have a significant impact on the Agency's finances or actions during the year. The study is required in order for the Agency to adopt a capacity fee, so not performing the study is not a good option for the Agency.

Recommendation:

Staff recommends that the Board authorize the General Manager to contract with Provost & Pritchard to perform an infrastructure study at an amount not to exceed \$50,000.

July 16, 2019

Mr. Jeff Davis, General Manager
San Geronio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223

**Subject: Engineering Services for San Geronio Pass Water Agency Infrastructure
Plan, Beaumont, California**

Dear Mr. Davis:

Thank you for the opportunity to submit this proposal to provide planning services for the subject project. This proposal discusses our understanding of the project, recommends a scope of services together with associated fees, deliverables and approximate schedules, sets forth our assumptions and discusses other services that may be of interest as the project proceeds.

Project Understanding

We understand that San Geronio Pass Water Agency is interested in developing a reconnaissance level plan identifying infrastructure needs to meet projected water demands. The proposed plan would consider projected water demands and identify additional needs beyond existing facilities. Projects would be considered including already identified likely water supply projects (e.g., Sites Reservoir and Delta Conveyance Project) and additional supply projects such as groundwater banking within or outside of the Agency. The projected costs would be summarized and presented in the report in a form that could be used to develop a capacity fee for development.

Scope of Services

Our proposed scope of work for this proposal is segregated into several tasks, described below.

- Determine what infrastructure may be required by the Agency to meet projected water demands in 2030 and beyond, using the Agency's 2015 UWMP and other information provided by the Agency. Focus in particular will be on water supply and storage projects.
- Review known projects such as the Sites Reservoir Project, the proposed Delta Conveyance project, and the proposed Bunker Hill Conjunctive Use Project. Review other existing groundwater storage banks, including, but not limited to, AVEK and Kern water banks.
- Identify additional conveyance and/or distribution facilities that may be required based on the information available.

- Estimate the Agency’s costs for identified infrastructure based on an “optimal” level of participation.
- Estimate Agency’s annual payments starting in 2020 and continuing through 2040 assuming infrastructure will be paid for over time.
- Work closely with Agency staff during the study to ensure that all available information is provided and to gain insight on Agency priorities.
- One meeting with retail general managers to brief them on the progress of the study and to solicit input from them.
- Two presentations to the Agency Board—one to present the draft report and one to present a final report.
- Interaction with the Agency’s financial advisor to provide input on costs that could be incorporated into a capacity fee.
- Write a draft report and submit it to Agency staff for review and comment.
- Write final report based on Agency input to draft report.

Professional Fees

Provost & Pritchard Consulting Group will perform the services on a time and materials basis, in accordance with our Standard Fee Schedule in effect at the time services are rendered. These fees will be invoiced monthly as they are accrued, and our total fees, including reimbursable expenses, will not exceed our estimate of \$ 48,300 without additional authorization.

Schedule

Once we receive an executed copy of this Proposal together with the signed Consultant Services Agreement and are authorized to proceed, we can prepare the Infrastructure Plan for initial submittal in approximately fourteen weeks. Agency review time is beyond our control. If an additional submittal is required after initial review, we will be prepared to re-submit three weeks after we receive agency comments.

Assumptions

- Costs will be available from previous prepared estimated (as adjusted for current cost rates) or will be developed at a reconnaissance level during the course of the study
- San Gorgonio Pass Water Agency will provide timely input on direction of the study or appropriate level of detail

Terms and Conditions

If this proposal is acceptable, please sign the Consultant Services Agreement, and return a copy to our office. These documents will serve as our Notice to Proceed. This proposal is valid for 30 days from the date above.

Sincerely Yours,
Provost & Pritchard Consulting Group

Terry Erlewine, RCE XXXXX
Project Manager

Randy Hopkins, RCE XXXXX
Vice President

Terms and Conditions Accepted

By (Client Name)

Signature

Signature

Printed Name

Printed Name

Title

Date

Title

Date

Jeff Davis

From: lazyb1@verizon.net
Sent: Thursday, August 1, 2019 2:56 PM
To: Jeff Davis
Cc: lazyb1@verizon.net
Subject: Board policy GM committee members.

Jeff,
Please add this agenda item to our upcoming August 5 board meeting for discussion and possible action. No staff action is needed. I will introduce the topic.
Thanks,
Director Ball

Consideration and discussion with board action to include the following as Board policy:

Notwithstanding the President of the Board's privilege to select directors to serve on various Agency committees, it shall be the policy of The San Geronio Pass Water Agency that the Committee on the Evaluation and Performance of the General Manager shall not include the sitting President and Vice President as well as the immediate past President of the Board. Any exception to this policy can be made by vote at a regular general Board meeting with full Board approval on a case by case basis.

Respectfully submitted for Board approval,

Director Ball