



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

REGULAR COMMISSION MEETING TUESDAY, APRIL 4, 2017 – 9:30 A.M.

AGENDA

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** (Susan Lien Longville, Chair)
2. **ROLL CALL**
3. **PUBLIC COMMENTS**
Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).
4. **CONSENT CALENDAR**
All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.
 - A. **APPROVAL OF MEETING MINUTES: MARCH 21, 2017**.....5
Recommendation: Approve as posted.
5. **WORKSHOP DISCUSSION AGENDA**
 - A. **FYE 2018 AND 2019 OWOW AND ROUNDTABLES FUND DRAFT BUDGETS (CM#2017.47)**13
Presenter: Karen Williams
Recommendation: Review and discuss the draft FYE 2018 and 2019 OWOW and Roundtables Fund Budgets.
6. **NEW BUSINESS**
 - A. **BRINE LINE REACH 4 PROTECTION PROJECT (CM#2017.48)**.....29
Presenter: Carlos Quintero
Recommendation: (1) receive and file a report on the Brine Line Reach 4 protection project, (2) adopt Resolution No. 2017-6 approving Form OES 130 designating the General Manager as the SAWPA authorized representative to execute an application for federal financial assistance under Public Law 93-228; and (3) direct the General Manager to submit a request for public assistance to seek reimbursement for a portion of the costs associated with the Reach 4 protection project.
 - B. **REQUEST SUPPORT IN URGING CONGRESS TO MAINTAIN TAX STATUS (CM#2017.50)**.....35
Presenter: Celeste Cantú
Recommendation: Consider and support efforts to urge Congress to maintain the current tax-exempt status for municipal bonds.

7. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

- A. **INLAND EMPIRE BRINE LINE REACH V REHABILITATION AND IMPROVEMENT PROJECT – PHASE 1**
Presenter: David Ruhl
- B. **LAKE ELSINORE AERATION AND MIXING PROPOSAL RESPONSE (CM#2017.49)**.....41
Presenter: Mark Norton
- C. **OUTSTANDING MEMBER AGENCY CONTRIBUTIONS – UPDATE**.....45
Presenter: Celeste Cantú
- D. **CORRESPONDENCE WITH EMWD AND OCWD**47
Presenter: Larry McKenney
- E. **CHAIR’S COMMENTS/REPORT**
- F. **CHAIR’S COMMENTS/REPORT**
- G. **COMMISSIONERS’ COMMENTS**
- H. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**

8. CLOSED SESSION

- A. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1)**
Name of Case: Spiniello Companies v. Charles King Company, Inc., Santa Ana Watershed Project Authority, The Ohio Casualty Insurance Company (Superior Court of Los Angeles BC616589)

9. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact (951) 354-4220 or kberry@sawpa.org. 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff’s ability to post documents prior to the meeting.

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, March 30, 2017, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted in SAWPA’s office at 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

2017 SAWPA Commission Meetings | Events

First and Third Tuesday of the Month; unless otherwise noticed,
 all Commission Workshops/Meetings begin at **9:30 a.m.** and are held at SAWPA.)

| | |
|--|---|
| January 1/3/17 Commission Workshop 1/10/17 Special Commission Meeting 1/17/17 Regular Commission Meeting | February 2/7/17 Commission Workshop 2/21/17 Regular Commission Meeting |
| March 3/7/17 Commission Workshop 3/21/17 Regular Commission Meeting | April 4/4/17 Commission Workshop 4/18/17 Regular Commission Meeting |
| May 5/2/17 Commission Workshop 5/9 – 5/12 ACWA Spring Conference, Monterey 5/16/17 Regular Commission Meeting 5/25/17 OWOW Conference [Ontario Convention Cntr] | June 6/6/17 Commission Workshop 6/20/17 Regular Commission Meeting |
| July 7/4/17 No Meeting (Independence Day) 7/18/17 Regular Commission Meeting | August 8/1/17 Commission Workshop 8/15/17 Regular Commission Meeting |
| September 9/5/17 Commission Workshop 9/19/17 Regular Commission Meeting | October 10/3/17 Commission Workshop 10/17/17 Regular Commission Meeting |
| November 11/7/17 Commission Workshop 11/21/17 Regular Commission Meeting 11/28 – 12/1 ACWA Fall Conference, Anaheim | December 12/5/17 Commission Workshop 12/19/17 Regular Commission Meeting |

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**SAWPA COMMISSION
REGULAR MEETING MINUTES
MARCH 21, 2017**

COMMISSIONERS PRESENT

Susan Lien Longville, Chair, San Bernardino Valley Municipal Water District
Jasmin A. Hall, Secretary-Treasurer, Inland Empire Utilities Agency
Thomas P. Evans, Western Municipal Water District
Philip L. Anthony, Orange County Water District
David Slawson, Alternate, Eastern Municipal Water District

COMMISSIONERS ABSENT

Ronald W. Sullivan, Vice Chair, Eastern Municipal Water District

**ALTERNATE COMMISSIONERS
PRESENT; NON-VOTING**

Kati Parker, Alternate, Inland Empire Utilities Agency
Gil Navarro, Alternate, San Bernardino Valley Municipal Water District

STAFF PRESENT

Celeste Cantú, Rich Haller, Larry McKenney, Mark Norton, Karen Williams, Dean Unger, David Ruhl, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:30 a.m. by Chair Longville at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

2. ROLL CALL

Roll call was duly noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments.

4. PUBLIC PRESENTATION

Craig Miller, Deputy General Manager Western Municipal Water District provided PowerPoint overview of the La Sierra Pipeline Expansion Project commencing in March 2017 along La Sierra Avenue, south of SR 91 between Arizona Avenue and El Sobrante Road. This is a nearly \$36 million, 18 month project to increase local water supply and drought resiliency. It will deliver 3,500 acre feet of new water supply and allow future expansion of the Arlington Desalter.

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: MARCH 7, 2017

B. TREASURER'S REPORT – FEBRUARY 2017

MOVED, approve the Consent Calendar.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Anthony/Evans |
| Ayes: | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

6. NEW BUSINESS

A. INLAND EMPIRE BRINE LINE REACH V REHABILITATION AND IMPROVEMENT PROJECT – PHASE 1 (CM# 2017.39)

David Ruhl provided a PowerPoint presentation with a status report on the Inland Empire Reach V Rehabilitation and Improvement Project – Phase 1. The contractor has connected the bypass system on the north and south ends of Reach 2, and the above-ground bypass line has been installed. As briefed earlier, there will be a planned three-day shut down on Reach 3 beginning the evening of March 27 for installation of access structures on the north and south ends of Reach 3.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.A.

B. INLAND EMPIRE BRINE LINE REACH V REHABILITATION AND IMPROVEMENT PROJECT, PHASE 1 – CONTINUED USE OF PUBLIC RELATIONS CONSULTANT (CM# 2017.40)

Rich Haller provided a PowerPoint presentation briefing the Commission on public relations activities to date, as well as proposed activities over the next six months. Commissioner Anthony asked about the level of public response as a result of this consultant's services. Haller responded the level of public response depends on the level of activity in the field and that the response has been positive. Communication efforts have included town hall meetings, Facebook postings, and a construction hotline.

MOVED, approve Change Order No. 3 with Hammons Strategies in an amount not to exceed \$22,500, increasing the total contract amount to \$67,500 and extending the current Agreement for an additional six (6) months through September 2017.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Evans/Hall |
| Ayes | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

C. LEASE OF WAREHOUSE SPACE (CM# 2017.41)

Rich Haller provided a PowerPoint presentation on the proposed lease of 1,800 sq ft of warehouse space for a three-year term. The owner will pay water, sewer, trash, and will maintain the building fire alarm, fire sprinklers and roof. SAWPA will pay electricity, phone, internet, security, alarm and maintain space-specific improvements. Alternate Commissioner Slawson asked if there was a reason SAWPA would lease as opposed to buying; Haller responded that option could be explored as a long-term option. Commissioner Anthony asked if this was a competitive lease rate. Haller advised that of the locations researched this was in the best condition and the least expensive; additionally, its location is the most ideal for SAWPA's purposes. Commissioner Hall voiced security concerns and was assured staff will remain diligent.

MOVED, authorize the General Manager to sign a three-year lease agreement with Wilson Properties Inc. for a 1,800 square foot warehouse unit located at 11671 Sterling Avenue, Riverside, California.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Anthony/Hall |
| Ayes | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

D. EMPLOYER PAID RETIREMENT PICK-UP MIGRATION REVIEW (CM# 2017.42)

At the request of Commissioner Evans, this item was brought back before the Commission for review and consideration. In September 2015, the Commission approved a five-year transition period during which SAWPA Tier 1 Employees (2% at 55) would increase their contribution to CalPERS to assume the entire employee share of costs (1.4% over five years for a total of 7%). Commissioner Evans stated the employees should be made whole and SAWPA should replace the annual 1.4% migration with a corresponding 1.4% annual increase in salary. As it currently stands, an employee's COLA is diminished by the 1.4% increased CalPERS contribution paid by the employee. Commissioner Evans stated his proposal is exactly what other organizations have done to make their employees whole, and moved the recommendation to reimburse the employee 1.4% each year going forward. Commissioner Hall seconded the motion. Commissioner Anthony emphasized the Commission remember these payments are for the employees' benefit, the Commission is not taking money away from them. Chair Longville noted the tangible benefit of retaining employee talent.

Alternate Commissioner Slawson clarified that after five years, the full 7% will have been migrated and the employee will pay the full amount. It was confirmed that the schedule would stay as originally approved in September 2015, but that the 1.4% paid by the employee to CalPERS would be replaced by an annual 1.4% salary increase going forward until the 7% has been migrated over a period of five years. Chair Longville noted that taking this action is neutral to the agency.

Commissioner Anthony stated this was a new item he had not yet had the opportunity to discuss with his Board. Commissioner Hall stated this option had been discussed during the class and compensation study in 2015; Chair Longville concurred this option had been examined from many perspectives.

MOVED, reimburse the employee the 1.4% Employer Paid Retirement Pick-Up Migration each year going forward for the remaining years of the five-year transition period.

| | |
|----------------|-------------------------------------|
| Result: | Adopted (Unanimously; 3-0-2) |
| Motion/Second: | Evans/Hall |
| Ayes | Evans, Hall, Longville |
| Nays: | None |
| Abstentions: | Anthony, Slawson |
| Absent: | None |

E. LEGISLATIVE ADVOCACY AND CONFLICT MANAGEMENT (CM# 2017.45)

Staff was directed to work with our lobbyist in developing a policy to govern potential conflicts of interest in the future. Commissioner Anthony voiced his support of the proposed policy; however, he stated his desire that the policy encompass more than lobbyist activities. Chair Longville thanked Martha Davis for working closely with Michael Boccadoro on this policy. Alternate Commissioner Slawson asked if the proposed policy protects a member agency from paying for lobbying activities contrary to a position taken by that member agency. The policy as proposed does not; SAWPA's position has been to remain neutral. Commissioner Anthony noted an expanded policy might include language outlining steps to be taken should a conflict arise between the member agencies, such as advance discussion of conflicting positions. McKenney noted the proposed policy was crafted with the intent to require disclosure as conflicts arise, then place the issue completely within the Commission's power to resolve on a case-by-case basis.

MOVED, adopt the Legislative Advocacy and Conflict Management policy for managing conflicts related to legislative advocacy.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Hall/Evans |
| Ayes | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

F. OUTSTANDING MEMBER AGENCY CONTRIBUTIONS (CM# 2017.43)

At the request of the Commission during the March 7, 2017 meeting, this matter was brought back to the Commission for consideration. Staff proposed three options for consideration, recommending the third option:

1. Write off the outstanding member agency contributions for Orange County Water District for Fiscal Years 2013-14 and 2014-15 in the amount of \$23,000 each year (\$46,000 total),
2. Require Orange County Water District to pay the outstanding invoices plus ten percent (10%) interest per annum as per the JPA Agreement,
3. Ask Orange County Water District to pay for mutually agreed upon SAWPA activities in the amount of the outstanding contribution over a period of two years.

Commissioner Anthony stated he would recommend the third option to his Board. Commissioner Evans also recommended the third option, and suggested a mutually agreed upon SAWPA activity could be payment toward the Other Post-Employment Benefits (OPEB) budget. Commissioner Anthony concurred and moved to approve the third option, with Commissioner Evans' revision.

MOVED, relative to the outstanding member agency contributions for Orange County Water District for Fiscal Years 2013-14 and 2014-15 in the amount of \$23,000 each year (\$46,000 total), staff is directed to ask Orange County Water District to pay for mutually agreed upon SAWPA activities, such as payment toward the Other Post-Employment Benefits (OPEB) budget, in the amount of the outstanding contribution over a period of two years.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Anthony/Evans |
| Ayes | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

G. INLAND EMPIRE BRINE LINE REACH V REHABILITATION PROJECT FUNDING INCREASE (CM# 2017.44)

On June 18, 2013, the Commission approved Resolution No. 2013-07 directing the General Manager to apply for State Revolving Fund (SRF) financing in the amount of \$19 million for planning, design, and construction of Inland Empire Brine Line Reach V Improvements (Project). On October 15, 2013, the Commission identified Enterprise Fund net revenues as the dedicated source of revenue for repayment of the \$19 million SRF loan. Thereafter, SAWPA received bids on the Project, and the bid amount was substantially lower than the engineer's estimate for the Project. Accordingly, the initial SRF loan drawdown was only \$7.5 million of the \$19 million authorized amount. Subsequent to \$7.5 million drawdown, a new contractor was hired to complete the Project and prices are now anticipated to exceed the original engineer's estimate, supporting an additional SRF loan drawdown of \$7.5 million.

Supplementing the materials provided in the agenda packet, the following two overhead slides were presented:

Scenario 1: SAWPA increases the SRF Loan to \$15 million; in this scenario the minimum Brine Line Replacement Reserve balance is maintained at \$10 million in keeping with SAWPA's internal policy.
Scenario 2: SAWPA keeps the SRF Loan amount at \$7.5 million; in this scenario the minimum Brine Line Replacement Reserve balance is not maintained at \$10 million in keeping with SAWPA's internal policy.

Alternate Commissioner Slawson expressed concern that the Commission simply receive and file this report. EMWD has a meeting scheduled with SAWPA in the upcoming weeks to discuss the Project – what was approved and overall management of Project.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.G.

H. COMMISSIONER COMPENSATION (CM# 2017.46)

On March 7, 2017, the Commission adopted Ordinance No. 2017-01 changing the Commissioner compensation rate to \$200 and setting the number of compensable days of service at six. Staff's proposed Policy and Amendment No. 6 to the Joint Powers Agreement would update the definition of compensable days to reflect days of service and define compensable days of service. As requested previously, the policy would retain the current SAWPA practice of allowing Commissioners to elect whether to be compensated directly by SAWPA or through the member agency, with SAWPA reimbursing the agency. Larry McKenney noted that each Commissioner has a limit on the number of compensable meetings per agency, and SAWPA meetings will count toward the agency's meeting cap when the Commissioner is compensated directly by the member agency. The proposed policy defines the types of meetings that are considered compensable, but would allow compensation for a greater range of Commissioner activities by designating certain activities as "requested by the Commission" and therefore automatically compensable without further authorization or ratification. Other meetings or activities on SAWPA's behalf may be compensable under the proposed policy if directed or ratified by the Commission at a regularly scheduled meeting.

MOVED, approve Amendment No. 6 to the 1975 Joint Powers Agreement regarding Commissioner compensation, direct staff to provide Amendment No. 6 to each member agency for approval by its governing board, and approve a proposed new policy regarding Commissioner compensation and days of service.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Anthony/Evans |
| Ayes | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

7. **INFORMATIONAL REPORTS**

The following oral/written reports/updates were received and filed.

A. **CASH TRANSACTIONS REPORT – JANUARY 2017**

B. **INTER-FUND BORROWING – JANUARY 2017 (CM#2017.37)**

Karen Williams reviewed the inter-fund borrowing agenda packet materials, and stated a cash flow projection will be brought back to the Commission at a future meeting.

C. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – JANUARY 2017 (CM#2017.38)**

D. **STATUS REPORT – 2017 OWOW CONFERENCE (May 25 | Ontario Convention Center)**

E. **GENERAL MANAGER’S REPORT**

Celeste Cantú will pursue coordinating a reception to congratulate and welcome Joaquin Esquivel, recently appointed to replace Fran Spivy-Weber on the State Water Resources Control Board.

F. **SAWPA GENERAL MANAGERS MEETING NOTES – MARCH 14, 2017**

G. **STATE LEGISLATIVE REPORT**

H. **CHAIR’S COMMENTS/REPORT**

There were no comments from the Chair.

I. **COMMISSIONERS’ COMMENTS**

There were no Commissioner comments.

J. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**

There were no Commissioner requests for future agenda items.

8. **CLOSED SESSION**

Larry McKenney noted the Commission would discuss Agenda Item No. 8.A., and that no action was anticipated. At 10:34 a.m., Chair Longville recessed the meeting to Closed Session. Designated personnel essential to the discussion of Agenda Item No. 8.A. were present during Closed Session.

A. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1)**

Name of Case: Spiniello Companies v. Charles King Company, Inc., Santa Ana Watershed Project Authority, The Ohio Casualty Insurance Company (Superior Court of Los Angeles BC616589)

Chair Longville resumed Open Session at 11:32 a.m., and stated the Commission took the following action during Closed Session.

MOVED, increase the spending authorization for Hunt Ortmann by \$750,000 to a total of \$1.5 million.

| | |
|----------------|--|
| Result: | Adopted (Unanimously; 5-0) |
| Motion/Second: | Evans/Slawson |
| Ayes | Anthony, Evans, Hall, Longville, Slawson |
| Nays: | None |
| Abstentions: | None |
| Absent: | None |

9. ADJOURNMENT

There being no further business for review, Chair Longville adjourned the meeting at 11:33 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, April 4, 2017.

Susan Lien Longville, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

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COMMISSION MEMORANDUM NO. 2017.47

DATE: April 4, 2017

TO: SAWPA Commission

SUBJECT: FYE 2018 and 2019 OWOW and Roundtables Fund Draft Budgets

PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission review and discuss the draft FYE 2018 and 2019 OWOW and Roundtables Fund Budgets.

DISCUSSION

On January 17, 2017, staff presented the FYE 2018 and 2019 Budget Goals and Objectives to the Commission for their review. On February 16, 2017, the first draft FYE 2018 and 2019 Budget was presented to member agencies' financial staff at the Budget Workshop. There were no comments or suggested changes from the member agencies' financial staffs. As per the Budget Schedule, the Budget will be presented to the Commission in three meetings. On March 7, 2017 the Brine Line and General Fund Budgets were presented. The OWOW and Roundtables Fund Budgets will be presented today. The combined Comprehensive Budget will be presented on May 2, 2017. The Commission will be presented the Comprehensive Budget for approval on May 16, 2017.

As in the past, the FYE 2018 and 2019 is a two-year budget and is being prepared in accordance with the Government Finance Officers Association's (GFOA) recommended guidelines and practices. SAWPA has received the GFOA Distinguished Budget Presentation Award for the last five bi-annual budgets. Staff will submit the FYE 2018 and 2019 Budget for this award program after final adoption.

The following documents are attached for your review and will be discussed in detail at the Budget Workshop (Attachment No. 1):

- ◆ OWOW Fund – FYE 2018 and 2019
- ◆ Roundtables Fund Budget FYE 2018 and 2019
- ◆ Member Agency Contribution Schedule

RESOURCE IMPACTS

Member Agency Contributions will be \$286,486 per Member Agency for FYE 2018 (a slight decrease over FYE 2017) and will be \$292,215 per Member Agency for FYE 2019.

CRITICAL SUCCESS FACTORS

OWOW

5. A strong reputation and sufficient capacity within SAWPA staff for strategic facilitation, planning, communication, leadership and community engagement.
6. Administration of the OWOW process and plan in a highly efficient and cost effective manner.

Roundtables

5. Annual reviews of work plans and budgets for each task force activity.
6. Adequate professional staff and resources to effectively provide facilitation, management, administrative and technical support to collaborative work efforts.

Attachments:

1. Budget Documents:
 - OWOW Funds Budget – FYE 2018 and 2019
 - OWOW Funds Historical Costs FYE 2013 through 2019
 - Roundtables Funds Budget – FYE 2018 and 2019
 - Roundtables Funds Historical Costs FYE 2013 through 2019
 - Member Agency Contribution Schedule

Santa Ana Watershed Project Authority
Historical Costs
OWOW Funds
FYE 2013 through 2019

| | <u>FYE 2013</u> <u>Actuals</u> | <u>FYE 2014</u> <u>Actuals</u> | <u>FYE 2015</u> <u>Actuals</u> | <u>FYE 2016</u> <u>Actuals</u> | <u>FYE 2017</u> <u>Budget</u> | <u>FYE 2017</u> <u>Projected</u> | <u>FYE 2018</u> <u>Budget</u> | <u>FYE 2019</u> <u>Budget</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-------------------------------------|----------------------------------|----------------------------------|
| Source of Funds: | | | | | | | | |
| Discharge Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ 631,911 | \$ 283,245 | \$ 666,397 | \$ 2,091,528 | \$ 4,296,936 | \$ 2,593,906 | \$ 5,741,297 | \$ 4,777,256 |
| Member Agency Contributions | \$ 680,370 | \$ 658,000 | \$ 682,500 | \$ 970,000 | \$ 670,000 | \$ 670,000 | \$ 776,000 | \$ 801,000 |
| Participant Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 730,215 | \$ 818,612 | \$ 437,722 |
| Other Income | \$ 50,653 | \$ 21,668 | \$ 36,668 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest & Investments | \$ 807 | \$ 806 | \$ 877 | \$ 2,569 | \$ - | \$ 5,385 | \$ - | \$ - |
| Total Source of Funds | \$ 1,363,741 | \$ 963,719 | \$ 1,386,442 | \$ 3,064,097 | \$ 4,966,936 | \$ 3,999,506 | \$ 7,335,908 | \$ 6,015,977 |
| Staffing: | | | | | | | | |
| Hours Allocated | 8,562 | 7,959 | 7,320 | 8,863 | 10,911 | 10,651 | 15,075 | 14,429 |
| FTE (based on 2080) | 4.1 | 3.8 | 3.5 | 4.3 | 5.2 | 5.1 | 7.2 | 6.9 |
| Use of Funds: | | | | | | | | |
| Labor | \$ 348,985 | \$ 314,298 | \$ 334,328 | \$ 457,650 | \$ 612,932 | \$ 576,571 | \$ 805,639 | \$ 838,558 |
| Benefits | \$ 153,931 | \$ 139,865 | \$ 153,456 | \$ 191,755 | \$ 265,897 | \$ 249,780 | \$ 351,930 | \$ 366,413 |
| Indirect Costs | \$ 554,992 | \$ 497,540 | \$ 524,559 | \$ 706,529 | \$ 967,628 | \$ 912,141 | \$ 1,136,600 | \$ 1,182,852 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ 235,940 | \$ 73,601 | \$ 55,031 | \$ 39,969 | \$ 952,570 | \$ 1,147,670 | \$ 3,024,037 | \$ 2,050,850 |
| Operating Costs | \$ - | \$ - | \$ - | \$ 100 | \$ - | \$ - | \$ - | \$ - |
| Repair & Maintenance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Phone & Utilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ 444 | \$ 10,000 | \$ - | \$ - | \$ - | \$ - | \$ 4,100 | \$ 4,100 |
| Meeting & Travel | \$ 9,677 | \$ 10,994 | \$ 24,130 | \$ 6,933 | \$ 18,350 | \$ 10,127 | \$ 22,800 | \$ 25,800 |
| Other Administrative Costs | \$ 51,077 | \$ 13,490 | \$ 12,171 | \$ 11,652 | \$ 16,950 | \$ 15,655 | \$ 17,710 | \$ 18,660 |
| Program Expense | \$ 23,470 | \$ - | \$ 138,345 | \$ 1,239,850 | \$ 2,129,537 | \$ 1,120,592 | \$ 2,040,501 | \$ 1,892,873 |
| Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 1,378,516 | \$ 1,059,789 | \$ 1,242,019 | \$ 2,654,438 | \$ 4,963,864 | \$ 4,032,536 | \$ 7,403,317 | \$ 6,380,106 |
| Net Gain (loss) | \$ (14,774) | \$ (96,070) | \$ 144,422 | \$ 409,659 | \$ 3,072 | \$ (33,032) | \$ (67,409) | \$ (364,129) |
| Beginning Fund Balance | \$ 43,980 | \$ 29,206 | \$ (66,864) | \$ 77,558 | \$ 487,217 | \$ 490,289 | \$ 457,257 | \$ 389,848 |
| Ending Fund Balance | \$ 29,206 | \$ (66,864) | \$ 77,558 | \$ 487,217 | \$ 490,289 | \$ 457,257 | \$ 389,848 | \$ 25,719 |
| Project Reimb (Prop 1, 50 & 84 - Capital) | \$ 5,811,891 | \$ 7,888,867 | \$ 4,946,271 | \$ 4,887,122 | \$ 6,381,306 | \$ 13,753,010 | \$ 21,080,225 | \$ 12,787,335 |

SAWPA OWOW Budget FYE 2018

| | Basin Planning General <u>Fund 370-01</u> | USBR Partnership Studies <u>Fund 370-02</u> | Watershed Mgmt (OWOW) <u>Fund 373</u> | Prop 84 - R1 Program Mgmt <u>Fund 130</u> | Prop 84 - R2 Program Mgmt <u>Fund 135</u> | Prop 84 - Drought Program Mgmt <u>Fund 140</u> |
|------------------------------------|---|---|---|---|---|--|
| Source of Funds: | | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ - | \$ 50,000 | \$ 127,000 | \$ 142,116 | \$ 133,791 | \$ 118,814 |
| Member Agency Contributions | \$ 356,000 | \$ 20,000 | \$ 400,000 | \$ - | \$ - | \$ - |
| Participant Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 356,000 | \$ 70,000 | \$ 527,000 | \$ 142,116 | \$ 133,791 | \$ 118,814 |
| Staffing: | | | | | | |
| Hours Allocated | 2,480 | 115 | 2,895 | 925 | 865 | 655 |
| FTE (based on 2080) | 1.2 | 0.1 | 1.4 | 0.4 | 0.4 | 0.3 |
| Use of Funds: | | | | | | |
| Labor | \$ 124,598 | \$ 6,665 | \$ 147,737 | \$ 49,907 | \$ 46,983 | \$ 41,724 |
| Benefits | \$ 54,428 | \$ 2,911 | \$ 64,537 | \$ 21,801 | \$ 20,524 | \$ 18,226 |
| Indirect Costs | \$ 175,783 | \$ 9,402 | \$ 208,428 | \$ 70,409 | \$ 66,284 | \$ 58,864 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 50,000 | \$ 85,200 | \$ - | \$ - | \$ - |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ 3,600 | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ 5,200 | \$ 100 | \$ 10,500 | \$ - | \$ - | \$ - |
| Other Administrative Costs | \$ 11,000 | \$ 100 | \$ 3,360 | \$ - | \$ - | \$ - |
| Program Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 371,009 | \$ 69,178 | \$ 523,362 | \$ 142,116 | \$ 133,791 | \$ 118,814 |
| Net Gain (loss) | \$ (15,009) | \$ 822 | \$ 3,638 | \$ - | \$ - | \$ - |
| Beginning Fund Balance | \$ 45,039 | \$ 22,817 | \$ 1,060 | \$ - | \$ - | \$ - |
| Ending Fund Balance | \$ 30,029 | \$ 23,639 | \$ 4,698 | \$ - | \$ - | \$ - |
| Project Reimb (Prop 84 - Capital) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Indirect Costs Contribution | 5.96% | 0.32% | 7.06% | 2.39% | 2.25% | 1.99% |

SAWPA OWOW Budget FYE 2018

| | Prop 84 - 2015 Program Mgmt Fund 145 | Energy-Water DAC Grant Fund 397 | Prop 1 DACI Fund 398 | Prop 84 Drought Project Fund 504 | Prop 84 SARCCUP Fund 504 | Total |
|------------------------------------|--|---------------------------------------|----------------------------|--|--------------------------------|---------------|
| Source of Funds: | | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ 291,801 | \$ 1,300,000 | \$ 2,003,206 | \$ 1,265,683 | \$ 308,885 | \$ 5,741,297 |
| Member Agency Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 776,000 |
| Participant Fees | \$ - | \$ 365,000 | \$ - | \$ - | \$ 453,612 | \$ 818,612 |
| Other Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 291,801 | \$ 1,665,000 | \$ 2,003,206 | \$ 1,265,683 | \$ 762,496 | \$ 7,335,908 |
| Staffing: | | | | | | |
| Hours Allocated | 1,750 | 480 | 2,395 | 1,680 | 835 | 15,075 |
| FTE (based on 2080) | 0.8 | 0.2 | 1.2 | 0.8 | 0.4 | 7.2 |
| Use of Funds: | | | | | | |
| Labor | \$ 102,471 | \$ 19,855 | \$ 97,747 | \$ 109,479 | \$ 58,474 | \$ 805,639 |
| Benefits | \$ 44,763 | \$ 8,673 | \$ 42,699 | \$ 47,824 | \$ 25,544 | \$ 351,930 |
| Indirect Costs | \$ 144,567 | \$ 28,011 | \$ 137,902 | \$ 154,453 | \$ 82,496 | \$ 1,136,600 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 1,665,321 | \$ 963,001 | \$ - | \$ 260,515 | \$ 3,024,037 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ 500 | \$ - | \$ - | \$ 4,100 |
| Meeting & Travel | \$ - | \$ - | \$ 7,000 | \$ - | \$ - | \$ 22,800 |
| Other Administrative Costs | \$ - | \$ - | \$ 3,250 | \$ - | \$ - | \$ 17,710 |
| Program Expense | \$ - | \$ - | \$ 751,107 | \$ 953,927 | \$ 335,467 | \$ 2,040,501 |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 291,801 | \$ 1,721,860 | \$ 2,003,206 | \$ 1,265,683 | \$ 762,496 | \$ 7,403,317 |
| Net Gain (loss) | \$ - | \$ (56,860) | \$ - | \$ - | \$ 1 | \$ (67,409) |
| Beginning Fund Balance | \$ - | \$ 388,341 | \$ - | \$ - | \$ - | \$ 457,257 |
| Ending Fund Balance | \$ - | \$ 331,481 | \$ - | \$ - | \$ 1 | \$ 389,848 |
| Project Reimb (Prop 84 - Capital) | \$ - | \$ - | \$ - | \$ 11,663,588 | \$ 9,416,637 | \$ 21,080,225 |
| Indirect Costs Contribution | 4.90% | 0.95% | 4.67% | 5.23% | 2.80% | 38.52% |

SAWPA OWOW Budget FYE 2019

| | Basin Planning General Fund 370-01 | USBR Partnership Studies Fund 370-02 | Watershed Mgmt (OWOW) Fund 373 | Prop 84 - R1 Program Mgmt Fund 130 | Prop 84 - R2 Program Mgmt Fund 135 | Prop 84 - Drought Program Mgmt Fund 140 |
|------------------------------------|--|--|--------------------------------------|--|--|---|
| Source of Funds: | | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ - | \$ 50,000 | \$ 123,000 | \$ 134,519 | \$ 142,059 | \$ 119,630 |
| Member Agency Contributions | \$ 356,000 | \$ 20,000 | \$ 425,000 | \$ - | \$ - | \$ - |
| Participant Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 356,000 | \$ 70,000 | \$ 548,000 | \$ 134,519 | \$ 142,059 | \$ 119,630 |
| Staffing: | | | | | | |
| Hours Allocated | 2,365 | 110 | 2,775 | 815 | 830 | 600 |
| FTE (based on 2080) | 1.1 | 0.1 | 1.3 | 0.4 | 0.4 | 0.3 |
| Use of Funds: | | | | | | |
| Labor | \$ 129,562 | \$ 7,082 | \$ 157,570 | \$ 47,240 | \$ 49,888 | \$ 42,012 |
| Benefits | \$ 56,613 | \$ 3,094 | \$ 68,851 | \$ 20,642 | \$ 21,799 | \$ 18,357 |
| Indirect Costs | \$ 182,757 | \$ 9,989 | \$ 222,265 | \$ 66,636 | \$ 70,372 | \$ 59,261 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 50,000 | \$ 85,200 | \$ - | \$ - | \$ - |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ 3,600 | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ 5,200 | \$ 100 | \$ 10,500 | \$ - | \$ - | \$ - |
| Other Administrative Costs | \$ 11,000 | \$ 100 | \$ 3,360 | \$ - | \$ - | \$ - |
| Program Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 385,131 | \$ 70,365 | \$ 551,346 | \$ 134,519 | \$ 142,059 | \$ 119,630 |
| Net Gain (loss) | \$ (29,131) | \$ (365) | \$ (3,346) | \$ - | \$ - | \$ - |
| Beginning Fund Balance | \$ 30,029 | \$ 23,639 | \$ 4,698 | \$ - | \$ - | \$ - |
| Ending Fund Balance | \$ 898 | \$ 23,274 | \$ 1,353 | \$ - | \$ - | \$ - |
| Project Reimb (Prop 84 - Capital) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Indirect Costs Contribution | 5.85% | 0.32% | 7.12% | 2.13% | 2.25% | 1.90% |

SAWPA OWOW Budget

FYE 2019

| | Prop 84 - 2015 Program Mgmt Fund 145 | Energy-Water DAC Grant Fund 397 | Prop 1 DACI Fund 398 | Prop 84 Drought Project Fund 504 | Prop 84 SARCCUP Fund 504 | Total |
|---|--|---------------------------------------|----------------------------|--|--------------------------------|---------------------|
| Source of Funds: | | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ 321,946 | \$ 586,816 | \$ 1,747,121 | \$ 1,182,042 | \$ 370,123 | \$ 4,777,256 |
| Member Agency Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 801,000 |
| Participant Fees | \$ - | \$ - | \$ - | \$ - | \$ 437,722 | \$ 437,722 |
| Other Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 321,946 | \$ 586,816 | \$ 1,747,121 | \$ 1,182,042 | \$ 807,844 | \$ 6,015,977 |
| Staffing: | | | | | | |
| Hours Allocated | 1,735 | 464 | 2,435 | 1,250 | 1,050 | 14,429 |
| FTE (based on 2080) | 0.8 | 0.2 | 1.2 | 0.6 | 0.5 | 6.9 |
| Use of Funds: | | | | | | |
| Labor | \$ 113,061 | \$ 19,864 | \$ 109,200 | \$ 81,866 | \$ 81,213 | \$ 838,558 |
| Benefits | \$ 49,403 | \$ 8,680 | \$ 47,716 | \$ 35,772 | \$ 35,486 | \$ 366,413 |
| Indirect Costs | \$ 159,482 | \$ 28,020 | \$ 154,036 | \$ 115,478 | \$ 114,557 | \$ 1,182,852 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 861,539 | \$ 813,184 | \$ - | \$ 240,927 | \$ 2,050,850 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ 500 | \$ - | \$ - | \$ 4,100 |
| Meeting & Travel | \$ - | \$ - | \$ 10,000 | \$ - | \$ - | \$ 25,800 |
| Other Administrative Costs | \$ - | \$ - | \$ 4,200 | \$ - | \$ - | \$ 18,660 |
| Program Expense | \$ - | \$ - | \$ 608,285 | \$ 948,927 | \$ 335,661 | \$ 1,892,873 |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 321,946 | \$ 918,104 | \$ 1,747,121 | \$ 1,182,042 | \$ 807,844 | \$ 6,380,106 |
| Net Gain (loss) | \$ - | \$ (331,288) | \$ - | \$ - | \$ 1 | \$ (364,129) |
| Beginning Fund Balance | \$ - | \$ 331,481 | \$ - | \$ - | \$ - | \$ 389,847 |
| Ending Fund Balance | \$ - | \$ 193 | \$ - | \$ - | \$ 1 | \$ 25,718 |
| Project Reimb (Prop 84 - Capital) | \$ - | \$ - | \$ - | \$ 2,175,000 | \$ 10,612,335 | \$ 12,787,335 |
| Indirect Costs Contribution | 5.11% | 0.90% | 4.93% | 3.70% | 3.67% | 37.89% |

Santa Ana Watershed Project Authority
Historical Costs
Roundtables Funds
FYE 2013 through 2019

| | <u>FYE 2013</u> <u>Actuals</u> | <u>FYE 2014</u> <u>Actuals</u> | <u>FYE 2015</u> <u>Actuals</u> | <u>FYE 2016</u> <u>Actuals</u> | <u>FYE 2017</u> <u>Budget</u> | <u>FYE 2017</u> <u>Projected</u> | <u>FYE 2018</u> <u>Budget</u> | <u>FYE 2019</u> <u>Budget</u> |
|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-------------------------------------|----------------------------------|----------------------------------|
| Source of Funds: | | | | | | | | |
| Discharge Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Financing Proceeds | \$ 169,466 | \$ 156,886 | \$ 199,421 | \$ 188,670 | \$ 171,782 | \$ 212,638 | \$ 202,027 | \$ 206,674 |
| Grant Proceeds | \$ 22,000 | \$ - | \$ - | \$ 37,000 | \$ - | \$ - | \$ - | \$ - |
| Member Agency Contributions | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 70,000 | \$ 20,000 | \$ 20,000 |
| Participant Fees | \$ 571,321 | \$ 660,427 | \$ 608,030 | \$ 682,411 | \$ 946,878 | \$ 724,178 | \$ 863,445 | \$ 871,551 |
| Other Income | \$ - | \$ 129,371 | \$ 15,123 | \$ 74,370 | \$ 44,490 | \$ 289,175 | \$ 233,232 | \$ 233,232 |
| Interest & Investments | \$ 6,799 | \$ 7,851 | \$ 7,761 | \$ 13,668 | \$ - | \$ 18,687 | \$ - | \$ - |
| Total Source of Funds | \$ 839,586 | \$ 1,024,535 | \$ 900,335 | \$ 1,066,119 | \$ 1,233,150 | \$ 1,314,678 | \$ 1,318,704 | \$ 1,331,457 |
| Staffing: | | | | | | | | |
| Hours Allocated | 2,659 | 2,216 | 2,937 | 2,607 | 2,158 | 2,158 | 2,326 | 2,261 |
| FTE (based on 2080) | 1.3 | 1.1 | 1.4 | 1.3 | 1.0 | 1.0 | 1.1 | 1.1 |
| Use of Funds: | | | | | | | | |
| Labor | \$ 130,962 | \$ 111,020 | \$ 127,710 | \$ 129,028 | \$ 132,855 | \$ 136,874 | \$ 147,347 | \$ 154,104 |
| Benefits | \$ 57,725 | \$ 49,403 | \$ 58,619 | \$ 54,063 | \$ 57,635 | \$ 59,405 | \$ 64,366 | \$ 67,337 |
| Indirect Costs | \$ 208,125 | \$ 175,745 | \$ 200,376 | \$ 205,413 | \$ 209,738 | \$ 216,124 | \$ 207,877 | \$ 217,376 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ 427,831 | \$ 799,781 | \$ 321,390 | \$ 292,436 | \$ 1,201,400 | \$ 865,469 | \$ 843,964 | \$ 731,211 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Repair & Maintenance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Phone & Utilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ 2,013 | \$ 2,162 | \$ 943 | \$ 764 | \$ 5,850 | \$ 1,118 | \$ 1,150 | \$ 1,450 |
| Other Administrative Costs | \$ 10,087 | \$ 10,556 | \$ 14,480 | \$ 10,107 | \$ 15,450 | \$ 10,114 | \$ 10,250 | \$ 10,250 |
| Other Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 289,175 | \$ 144,252 | \$ 144,252 |
| Program Expense | \$ - | \$ 59,071 | \$ 185,764 | \$ 28,854 | \$ 150,000 | \$ - | \$ - | \$ 150,000 |
| Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 836,743 | \$ 1,207,738 | \$ 909,282 | \$ 720,665 | \$ 1,772,928 | \$ 1,578,279 | \$ 1,419,206 | \$ 1,475,981 |
| Net Gain (loss) | \$ 2,843 | \$ (183,203) | \$ (8,947) | \$ 345,454 | \$ (539,778) | \$ (263,601) | \$ (100,502) | \$ (144,524) |
| Beginning Fund Balance | \$ 2,063,387 | \$ 2,066,230 | \$ 2,249,433 | \$ 2,240,486 | \$ 2,585,940 | \$ 2,046,162 | \$ 1,782,561 | \$ 1,682,059 |
| Ending Fund Balance | \$ 2,066,230 | \$ 1,883,027 | \$ 2,240,486 | \$ 2,585,940 | \$ 2,046,162 | \$ 1,782,561 | \$ 1,682,059 | \$ 1,537,535 |

SAWPA Roundtables Budget FYE 2018

| | Imported Water Recharge <u>Fund 372</u> | Basin Monitoring <u>Fund 374</u> | SAR Fish Conservation <u>Fund 381</u> | MSAR TMDL Task Force <u>Fund 384-01</u> | RWQ Monitoring Task Force <u>Fund 386</u> |
|------------------------------------|---|--|---|---|---|
| <u>Source of Funds:</u> | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Member Agency Contributions | \$ - | \$ - | \$ 10,000 | \$ - | \$ - |
| Participant Fees | \$ - | \$ 272,447 | \$ 19,000 | \$ 215,000 | \$ 212,796 |
| Other Income | \$ - | \$ - | \$ - | \$ - | \$ 144,252 |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ - | \$ 272,447 | \$ 29,000 | \$ 215,000 | \$ 357,048 |
| <u>Staffing:</u> | | | | | |
| Hours Allocated | 45 | 435 | 200 | 150 | 110 |
| FTE (based on 2080) | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 |
| <u>Use of Funds:</u> | | | | | |
| Labor | \$ 2,703 | \$ 30,595 | \$ 10,204 | \$ 9,482 | \$ 7,189 |
| Benefits | \$ 1,181 | \$ 13,365 | \$ 4,457 | \$ 4,142 | \$ 3,140 |
| Indirect Costs | \$ 3,814 | \$ 43,164 | \$ 14,395 | \$ 13,378 | \$ 10,142 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 317,447 | \$ 24,000 | \$ 25,000 | \$ 307,417 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ - | \$ 200 | \$ 100 | \$ 200 | \$ - |
| Other Administrative Costs | \$ - | \$ - | \$ - | \$ 100 | \$ 100 |
| Other Expense | \$ - | \$ - | \$ - | \$ 144,252 | \$ - |
| Program Expense | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 7,698 | \$ 404,772 | \$ 53,156 | \$ 196,554 | \$ 327,988 |
| Net Gain (loss) | \$ (7,698) | \$ (132,325) | \$ (24,156) | \$ 18,446 | \$ 29,060 |
| Beginning Fund Balance | \$ 10,899 | \$ 276,374 | \$ 185,817 | \$ 237,247 | \$ 22,549 |
| Ending Fund Balance | \$ 3,202 | \$ 144,050 | \$ 161,661 | \$ 255,693 | \$ 51,609 |
| Indirect Costs Contribution | 0.13% | 1.46% | 0.49% | 0.45% | 0.34% |

SAWPA Roundtables Budget FYE 2018

| | Arundo Mgmt & Habitat Restoration <u>Fund 387</u> | Emerging Constituents TF <u>Fund 392</u> | Forest First <u>Fund 396</u> | LESJWA Administration <u>Fund 477</u> | Total |
|------------------------------------|---|--|------------------------------------|---|--------------|
| <u>Source of Funds:</u> | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ 202,027 | \$ 202,027 |
| Grant Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Member Agency Contributions | \$ - | \$ - | \$ - | \$ 10,000 | \$ 20,000 |
| Participant Fees | \$ - | \$ 40,000 | \$ 104,202 | \$ - | \$ 863,445 |
| Other Income | \$ 88,980 | \$ - | \$ - | \$ - | \$ 233,232 |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 88,980 | \$ 40,000 | \$ 104,202 | \$ 212,027 | \$ 1,318,704 |
| <u>Staffing:</u> | | | | | |
| Hours Allocated | 185 | 56 | 30 | 1,115 | 2,326 |
| FTE (based on 2080) | 0.1 | 0.0 | 0.0 | 0.5 | 1.1 |
| <u>Use of Funds:</u> | | | | | |
| Labor | \$ 11,196 | \$ 3,697 | \$ 1,476 | \$ 70,805 | \$ 147,347 |
| Benefits | \$ 4,891 | \$ 1,615 | \$ 645 | \$ 30,930 | \$ 64,366 |
| Indirect Costs | \$ 15,795 | \$ 5,216 | \$ 2,082 | \$ 99,892 | \$ 207,877 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ 40,000 | \$ 30,000 | \$ 100,000 | \$ 100 | \$ 843,964 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ 400 | \$ - | \$ - | \$ 250 | \$ 1,150 |
| Other Administrative Costs | \$ - | \$ - | \$ - | \$ 10,050 | \$ 10,250 |
| Other Expense | \$ - | \$ - | \$ - | \$ - | \$ 144,252 |
| Program Expense | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 72,281 | \$ 40,528 | \$ 104,202 | \$ 212,027 | \$ 1,419,206 |
| Net Gain (loss) | \$ 16,699 | \$ (528) | \$ - | \$ - | \$ (100,502) |
| Beginning Fund Balance | \$ 961,761 | \$ 87,913 | \$ - | \$ - | \$ 1,782,561 |
| Ending Fund Balance | \$ 978,460 | \$ 87,385 | \$ - | \$ - | \$ 1,682,060 |
| Indirect Costs Contribution | 0.54% | 0.18% | 0.07% | 3.39% | 7.04% |

SAWPA Roundtables Budget

FYE 2019

| | Imported Water Recharge Fund 372 | Basin Monitoring Fund 374 | SAR Fish Conservation Fund 381 | MSAR TMDL Task Force Fund 384-01 | RWQ Monitoring Task Force Fund 386 |
|------------------------------------|--|---------------------------------|--------------------------------------|--|--|
| Source of Funds: | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grant Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Member Agency Contributions | \$ - | \$ - | \$ 10,000 | \$ - | \$ - |
| Participant Fees | \$ 9,000 | \$ 272,447 | \$ 19,000 | \$ 215,000 | \$ 212,796 |
| Other Income | \$ - | \$ - | \$ - | \$ - | \$ 144,252 |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 9,000 | \$ 272,447 | \$ 29,000 | \$ 215,000 | \$ 357,048 |
| Staffing: | | | | | |
| Hours Allocated | 60 | 419 | 190 | 165 | 130 |
| FTE (based on 2080) | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 |
| Use of Funds: | | | | | |
| Labor | \$ 3,794 | \$ 30,864 | \$ 10,520 | \$ 10,858 | \$ 9,231 |
| Benefits | \$ 1,658 | \$ 13,486 | \$ 4,597 | \$ 4,744 | \$ 4,033 |
| Indirect Costs | \$ 5,352 | \$ 43,537 | \$ 14,839 | \$ 15,316 | \$ 13,021 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 192,447 | \$ 76,247 | \$ 25,000 | \$ 307,417 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ - | \$ 200 | \$ 100 | \$ 200 | \$ - |
| Other Administrative Costs | \$ - | \$ - | \$ - | \$ 100 | \$ 100 |
| Other Expense | \$ - | \$ - | \$ - | \$ 144,252 | \$ - |
| Program Expense | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 10,804 | \$ 280,534 | \$ 106,303 | \$ 200,470 | \$ 333,802 |
| Net Gain (loss) | \$ (1,804) | \$ (8,087) | \$ (77,303) | \$ 14,530 | \$ 23,246 |
| Beginning Fund Balance | \$ 3,202 | \$ 144,050 | \$ 161,661 | \$ 255,693 | \$ 51,609 |
| Ending Fund Balance | \$ 1,398 | \$ 135,962 | \$ 84,358 | \$ 270,223 | \$ 74,855 |
| Indirect Costs Contribution | 0.17% | 1.39% | 0.48% | 0.49% | 0.42% |

SAWPA Roundtables Budget FYE 2019

| | Arundo Mgmt & Habitat Restoration <u>Fund 387</u> | Emerging Constituents TF <u>Fund 392</u> | Forest First <u>Fund 396</u> | LESJWA Administration <u>Fund 477</u> | Total |
|------------------------------------|---|--|------------------------------------|---|--------------|
| <u>Source of Funds:</u> | | | | | |
| Financing Proceeds | \$ - | \$ - | \$ - | \$ 206,674 | \$ 206,674 |
| Grant Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Member Agency Contributions | \$ - | \$ - | \$ - | \$ 10,000 | \$ 20,000 |
| Participant Fees | \$ - | \$ 40,000 | \$ 103,308 | \$ - | \$ 871,551 |
| Other Income | \$ 88,980 | \$ - | \$ - | \$ - | \$ 233,232 |
| Interest & Investments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Source of Funds | \$ 88,980 | \$ 40,000 | \$ 103,308 | \$ 216,674 | \$ 1,331,457 |
| <u>Staffing:</u> | | | | | |
| Hours Allocated | 173 | 54 | 20 | 1,050 | 2,261 |
| FTE (based on 2080) | 0.1 | 0.0 | 0.0 | 0.5 | 1.1 |
| <u>Use of Funds:</u> | | | | | |
| Labor | \$ 11,472 | \$ 3,764 | \$ 1,162 | \$ 72,439 | \$ 154,104 |
| Benefits | \$ 5,013 | \$ 1,645 | \$ 508 | \$ 31,653 | \$ 67,337 |
| Indirect Costs | \$ 16,182 | \$ 5,310 | \$ 1,639 | \$ 102,181 | \$ 217,376 |
| Education & Training | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consulting & Professional Services | \$ - | \$ 30,000 | \$ 100,000 | \$ 100 | \$ 731,211 |
| Operating Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment & Computers | \$ - | \$ - | \$ - | \$ - | \$ - |
| Meeting & Travel | \$ 700 | \$ - | \$ - | \$ 250 | \$ 1,450 |
| Other Administrative Costs | \$ - | \$ - | \$ - | \$ 10,050 | \$ 10,250 |
| Other Expense | \$ - | \$ - | \$ - | \$ - | \$ 144,252 |
| Program Expense | \$ 150,000 | \$ - | \$ - | \$ - | \$ 150,000 |
| Construction | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Use of Funds From Operations | \$ 183,367 | \$ 40,719 | \$ 103,308 | \$ 216,674 | \$ 1,475,981 |
| Net Gain (loss) | \$ (94,387) | \$ (719) | \$ - | \$ - | \$ (144,524) |
| Beginning Fund Balance | \$ 978,460 | \$ 87,385 | \$ - | \$ - | \$ 1,682,059 |
| Ending Fund Balance | \$ 884,072 | \$ 86,666 | \$ - | \$ - | \$ 1,537,535 |
| Indirect Costs Contribution | 0.52% | 0.17% | 0.05% | 3.27% | 6.96% |



MEMBER CONTRIBUTION

Summary Schedule

| | | <u>Adopted</u> | <u>Proposed</u> | <u>Proposed</u> |
|---|---------------------|-----------------|-----------------|-----------------|
| | | <u>FYE 2017</u> | <u>FYE 2018</u> | <u>FYE 2019</u> |
| Member Agency Contributions | | | | |
| <u>Exempt from G&A Costs</u> | | | | |
| | <u>Funds</u> | | | |
| SAWPA General Funds | 100-00 | \$ 450,000 | \$ 450,000 | \$ 450,000 |
| State Lobbying | 100-03 | \$ 223,005 | \$ 181,154 | \$ 184,980 |
| Federal Lobbying | 100-04 | \$ 26,302 | \$ 14,962 | \$ 15,715 |
| | | \$ 699,307 | \$ 646,117 | \$ 650,695 |
| <u>Planning Projects</u> | | | | |
| General Planning | 370-01 | \$ 350,000 | \$ 356,000 | \$ 356,000 |
| USBR Partnership Studies | 370-02 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| Watershed Management (OWOW) | 373 | \$ 300,000 | \$ 400,000 | \$ 425,000 |
| SA River Fish Conservation | 381 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| RWQ Monitoring Task Force | 386 | \$ 50,000 | \$ - | \$ - |
| LESJWA Management | 477 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| | | \$ 740,000 | \$ 796,000 | \$ 821,000 |
| Total Member Agency Contributions | | \$ 1,439,307 | \$ 1,442,117 | \$ 1,471,695 |
| Per Member Agency | | \$ 287,861 | \$ 288,423 | \$ 294,339 |



MEMBER CONTRIBUTION *by Agency* FYE 2018

| ACTIVITY | TOTAL | IEUA | EMWD | OCWD | SBVMWD | WMWD |
|---|------------------|----------------|----------------|----------------|----------------|----------------|
| 370 General Planning | 356,000 | 71,200 | 71,200 | 71,200 | 71,200 | 71,200 |
| 370 USBR Partnership Studies | 20,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| 373 Watershed Management (OWOW) | 400,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| 381 SA River Fish Conservation | 10,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 386 RWQ Monitoring Task Force | 0 | 0 | 0 | 0 | 0 | 0 |
| 477 LESJWA Management | 10,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Subtotal (Planning) | 796,000 | 159,200 | 159,200 | 159,200 | 159,200 | 159,200 |
| State/Federal Lobbying | 196,117 | 39,223 | 39,223 | 39,223 | 39,223 | 39,223 |
| Commission/General Fund Costs | 450,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Subtotal (Administration) | 646,117 | 129,223 | 129,223 | 129,223 | 129,223 | 129,223 |
| Member Agency Contributions to SAWPA | <u>1,442,117</u> | <u>288,423</u> | <u>288,423</u> | <u>288,423</u> | <u>288,423</u> | <u>288,423</u> |



MEMBER CONTRIBUTION *by Agency* FYE 2019

| ACTIVITY | TOTAL | IEUA | EMWD | OCWD | SBVMWD | WMWD |
|---|------------------|----------------|----------------|----------------|----------------|----------------|
| 370 General Planning | 356,000 | 71,200 | 71,200 | 71,200 | 71,200 | 71,200 |
| 370 USBR Partnership Studies | 20,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| 373 Watershed Management (OWOW) | 425,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 |
| 381 SA River Fish Conservation | 10,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 386 RWQ Monitoring Task Force | 0 | 0 | 0 | 0 | 0 | 0 |
| 477 LESJWA Management | 10,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Subtotal (Planning) | 821,000 | 164,200 | 164,200 | 164,200 | 164,200 | 164,200 |
| State/Federal Lobbying | 200,695 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 |
| Commission/General Fund Costs | 450,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Subtotal (Administration) | 650,695 | 130,139 | 130,139 | 130,139 | 130,139 | 130,139 |
| Member Agency Contributions to SAWPA | <u>1,471,695</u> | <u>294,339</u> | <u>294,339</u> | <u>294,339</u> | <u>294,339</u> | <u>294,339</u> |

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COMMISSION MEMORANDUM NO. 2017.48

DATE: April 4, 2017
TO: SAWPA Commission
SUBJECT: Brine Line Reach 4 Protection Project
PREPARED BY: Carlos Quintero, Senior Project Manager

RECOMMENDATION

That the Commission (1) receive and file a report on the Brine Line Reach 4 protection project, (2) adopt Resolution No. 2017-06 approving Form Cal OES 130 designating the General Manager as the SAWPA authorized representative to execute an application for federal financial assistance under Public Law 93-228; and (3) direct the General Manager to submit a request for public assistance to seek reimbursement for a portion of the costs associated with the Reach 4 protection project.

DISCUSSION

As a result of the storm events in late-January 2017, a portion of the Brine Line Reach 4 access road was washed out (see Photo 1). SAWPA holds an easement from State Parks through this area. A Regional General Permit 63 was issued by the U.S. Army Corps of Engineers on March 5, 2017 allowing protection of the Brine Line and repair of the washed out road as an emergency. Work started on March 7 and concluded on March 14, 2017.

In summary, a total of 75 tons of ¼-ton rip-rap was used to reestablish the road, two (2) 30-inch culverts were installed, 25 tons of 1-inch crushed rock was used for bedding for the installed culverts, and approximately 40 cubic yards of concrete were used to encase the Brine Line and protect it from any damage resulting from further erosion. Attachment 2 provides photographs of the repaired road.

On March 16, 2017, FEMA issued a notice of major disaster declaration (4305-DR-CA) as a result of the January 18 – 23, 2017 winter storms. This declaration authorizes a Public Grant Assistance Grant Program for several counties in California, including Riverside County. This Public Grant Assistance Grant Program allows FEMA to reimburse impacted jurisdictions, including special districts, up to 75 percent of any expenditures related to restoration of facilities to their pre-disaster conditions. The State of California reimburses 18.75 percent, and the local match required is 6.25 percent. The deadline to submit a Request for Public Assistance to FEMA is April 11, 2017.

In order to be eligible for reimbursement, Form Cal OES 130 (Attachment 3) needs to be submitted. This form would be required to designate the General Manager as SAWPA's agent to execute an application to receive federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988.

The estimated costs associated with the Brine Line Reach 4 protection and access road repair are \$17,000 and are broken down as follows: equipment rental: \$9,700; concrete: \$3,600; rip-rap and crushed rock: \$3,700. Work was performed by SAWPA staff.

CRITICAL SUCCESS FACTORS

5. Protect and preserve the useful life of Brine Line assets through strategic maintenance, repair, and capital improvements.

RESOURCE IMPACTS

SAWPA's local share for the Reach 4 Protection project costs are budgeted under Fund 240 (Brine Line Enterprise).

Attachments:

1. Road erosion photograph
2. Repaired access road
3. Resolution No. 2017-06, approving OES Form 130



2017.02.04 10:35



03/14/2017 15:42

RESOLUTION NO. 2017-06

**A RESOLUTION OF THE COMMISSION OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
APPROVING A DESIGNATION OF APPLICANT’S AGENT RESOLUTION
FOR NON-STATE AGENCIES (Cal OES 130)**

WHEREAS, as a result of the storm events in January 2017, a portion of the Brine Line Reach 4 access road was washed out;

WHEREAS, SAWPA staff obtained a Regional General Permit 63, issued by the U.S. Army Corps of Engineers on March 5, 2017, allowing protection of the Brine Line and repair of the washed out road – work commenced on the Reach 4 Protection Project March 7 and concluded March 14, 2017;

WHEREAS, on March 16, 2017, FEMA issued a notice of major disaster declaration (4305-DR-CA) as a result of the January 18 – 23, 2017 winter storms, which authorizes a Public Grant Assistance Grant Program (Program) for several counties in California, including Riverside County;

WHEREAS, in order to be eligible for reimbursement under the Program, submission of Form Cal OES 130 is required in order to designate the General Manager as SAWPA’s agent to execute an application to receive federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988;

NOW, THEREFORE, the SAWPA Commission hereby resolves as follows:

1. The attached Cal OES 130, designating the General Manager as the SAWPA authorized representative to execute an application for federal financial assistance under Public Law 93-228, is hereby approved.
2. The General Manager is hereby directed to submit a request for public assistance to seek reimbursement for a portion of the costs associated with the Reach 4 Protection Project.

ADOPTED this 4th day April, 2017.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: _____
Susan Lien Longville, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

Attachment: Cal OES 130

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE governing board of Santa Ana Watershed Project Authority,

THAT Celeste Cantú, General Manager, is hereby authorized to execute for and on behalf of the Santa Ana Watershed Project Authority, a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the Santa Ana Watershed Project Authority, a public entity established under the laws of the State of California, hereby authorizes its agent to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.

This is a disaster specific resolution and is effective for only disaster number(s) _____

Passed and approved this 4th day of April, 2017

Susan Lien Longville, Chair

Ronald W. Sullivan, Vice Chair

Jasmin A. Hall, Secretary/Treasurer

CERTIFICATION

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority, do hereby certify that the foregoing is a true and correct copy a of Resolution No. 2017-06 passed and approved by the Governing Board of the Santa Ana Watershed Project Authority on the 4th day of April, 2017.

Kelly Berry, Clerk of the Board

COMMISSION MEMORANDUM NO. 2017.50

DATE: April 4, 2017
TO: SAWPA Commission
SUBJECT: Request Support in Urging Congress to Maintain Tax Status
PREPARED BY: Celeste Cantú, General Manager

RECOMMENDATION

That the Commission consider and support efforts to urge Congress to maintain the current tax-exempt status for municipal bonds.

DISCUSSION

West Basin Municipal Water District is coordinating an effort to garner support from water agencies to sign onto the attached letter. As you know, for more than a century, the tax-exempt status of municipal bonds has made them the primary method through which state governments and local municipalities finance public capital improvements and infrastructure construction. These projects support core state and local functions, and serve as engines of job creation and economic growth. It is imperative that their tax-exempt status be maintained.

CRITICAL SUCCESS FACTORS

5. Maintain a strong reputation for strategic facilitation, planning, communication, leadership and community engagement.

RESOURCE IMPACTS

No resource impact to SAWPA

Attachment:

1. Draft letter addressed to the Speaker and Leader.

April 4, 2017

The Honorable Paul Ryan
Speaker of the House
1233 Longworth House Office Building
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
233 Cannon House Office Building
Washington, DC 20515

Re: Tax Exempt Municipal Bonds

Dear Speaker Paul Ryan and Leader Nancy Pelosi,

Representing urban water retailers and wholesalers, we are writing to urge Congress to maintain the current tax-exempt status for municipal bonds, and express our concerns regarding proposals to place a cap on the tax-exempt interest earned on these bonds or eliminate the tax exemption altogether.

For more than a century, the tax-exempt status of municipal bonds has made them the primary method through which state governments and local municipalities finance public capital improvements and infrastructure construction. These projects support core state and local functions, and serve as engines of job creation and economic growth. It is imperative that their tax-exempt status be maintained.

Over the last decade, municipal bonds have funded almost \$2 trillion worth of infrastructure construction. This financing option has been used to construct schools, hospitals, airports, affordable housing, water and sewer facilities, public power utilities, roads and public transit. In 2016 alone, more than 11,000 tax-exempt bonds financed over \$440 billion in infrastructure spending. Through the use of municipal bonds, state and local governments have significantly reduced the cost of financing and infrastructure construction.

Placing a cap on the municipal bond tax deduction would radically reduce demand for these bonds, increase borrowing costs to public entities, and shift costs to local residents through tax or rate increases. Moreover, eliminating or capping the current deduction would slow the growth of job-creating infrastructure projects.

As the discussion on various budget proposals continues and work on comprehensive tax reform begins, it is our hope that you will reject proposals to alter the tax-exempt status of municipal bonds. While we understand the difficult decisions before Congress related to government spending and the national debt, Americans must not eliminate a vital tool of our country's infrastructure investment, job growth and economic development. Thank you for your time and attention to this important national matter.

Sincerely,

| | |
|---|--|
|   Martin L. Adams Chief Operating Officer Los Angeles Department of Water & Power |   Paul D. Jones, II, P.E. Eastern Municipal Water District |
|   Richard Nagel General Manager West Basin MWD |   Paul A. Cook General Manager Irvine Ranch Water District |
|   David Pedersen General Manager Las Virgenes MWD |   John Rossi General Manager Western MWD |
|   Susan B. Mulligan General Manager Calleguas MWD |   Richard W. Hansen, P.E. General Manager Three Valleys MWD |

| | |
|---|--|
|  <p>THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA</p>  <p>Jeffrey Kightlinger General Manager Metropolitan Water District of Southern California</p> |   <p>Greg Thomas General Manager Rincon del Diablo MWD</p> |
|  <p>Municipal Water District</p>  <p>Kimberly Thorner General Manager Olivenhain Municipal Water District</p> |  <p>SANITATION DISTRICTS OF LOS ANGELES COUNTY</p>  <p>Grace Robinson Hyde Chief Engineer & General Manager Sanitation Districts of Los Angeles County</p> |
|   <p>James D. Herberg General Manager Orange County Sanitation District</p> |   <p>Daniel R. Feron General Manager Santa Margarita Water District</p> |
|  <p>Inland Empire Utilities Agency A MUNICIPAL WATER DISTRICT</p>  <p>P. Joseph Grindstaff General Manager Inland Empire Utilities Agency</p> |  <p>SINCE 1933</p>  <p>Michael R. Markus, P.E. General Manager Orange County Water District</p> |

| | |
|---|--|
|  <p>Delta Diablo</p>  <p>Michael Bakaldin Interim General Manager Delta Diablo</p> |   <p>Jennifer West Managing Director WateReuse California</p> |
|   <p>Roberta L. Larson Executive Director California Association of Sanitation Agencies</p> |   <p>Andrew Brunhart General Manager South Coast Water District</p> |
|   <p>Nina Jazmadarian General Manager Foothill MWD</p> |  <p>Paul Kelley Executive director CalDesal</p> |
|   <p>Maureen Stapleton General Manager San Diego County Water Authority</p> |   <p>Prabhakar Somavarapu District Engineer Sacramento Area Sewer District</p> |
|  <p>Lisa M. Borba Board President Contra Costa Water District</p> |   <p>Allen Carlisle CEO/General Manager Padre Dam MWD</p> |



John D. Vega
General Manager
Elsinore Valley MWD



Hector Ruiz
General Manager
Trabuco Canyon Water District

COMMISSION MEMORANDUM NO. 2017.49

DATE: April 4, 2017

TO: SAWPA Commission

SUBJECT: Lake Elsinore Aeration and Mixing Proposal Response

PREPARED BY: Mark Norton, Water Resources & Planning Manager

RECOMMENDATION

It is recommended that the Commission receive and file this report regarding a letter that they received from the Lake Elsinore Aeration and Mixing System Operators to a consultant, Mr. Jeffrey Alderman.

DISCUSSION

On March 29th, the SAWPA Commission received a copy of a joint response letter from the County of Riverside, Elsinore Valley Municipal Water District and the City of Lake Elsinore that was sent to a consultant, Mr. Jeffrey Alderman. This letter was also transmitted to the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) Board and other parties. SAWPA is represented on the LESJWA Board by Brenda Dennstedt, WMWD Board member. SAWPA staff, Mark Norton, serves as the administrator for LESJWA. One of the roles of LESJWA is to work with named Total Maximum Daily Load entities responsible for improving water quality at Lake Elsinore and Canyon Lake.

Due to Lake Elsinore's significant algae blooms and algae toxicity issues reported in the news last summer, significant interest was expressed by various consultants proposing remedies to the lake algae issues. One consultant, Mr. Jeffrey Alderman, approached the City of Lake Elsinore suggesting modifications to the existing Lake Elsinore Aeration and Mixing System (LEAMS), specifically to the diffused airlines and compressors. To better understand the existing system, multiple data requests were sent by Mr. Alderman to the City of Lake Elsinore and LESJWA through SAWPA staff. Public information about the system was provided to the consultant. Eventually, the consultant prepared and transmitted a proposal to modify the existing diffused airline and compressor system to LESJWA and the City. This specific component of the system however is owned and operated by EVMWD. Its operations are funded under a joint operation agreement among the City of Lake Elsinore, EVWMD and the County of Riverside. LESJWA and the Lake Elsinore/Canyon Lake Total Maximum Daily Load (TMDL) Task Force though involved in the lake improvement and helping to meet TMDL water quality targets are not directly involved in the existing LEAMS operations nor are a party to the joint LEAMS operations agreement at this time.

To address a response to Mr. Alderman's proposal, a meeting was held among the City of LE, EVMWD, County of Riverside representatives and Mark Norton, representing LESJWA and the LE/CL TMDL Task Force, to discuss the best response. Upon discussion and evaluation of the Alderman proposal, EVWMD indicated that they would take the lead in preparing a joint letter on behalf of the three agencies, City, EVWMD and County, who operate, maintain and fund the existing system. EVWMD also indicated that they would have their legal counsel review the response as well. The joint letter was transmitted by EVMWD to Jeff Alderman with a cc to the LESJWA Board and

CM# 2017.49

April 4, 2017

Page 2

SAWPA Commission. No response from the consultant has been received nor is anticipated at this time.

RESOURCE IMPACTS

All SAWPA staff work related to the activities is funded by LESJWA and the LE/CL TMDL Task Force.

Attachment:

1. EVWMD Letter to Consultant



March 23, 2017

Jeffrey R. Alderman
Alderman Engineering
19936 Little Woods Road
Cottonwood, CA 96022

SUBJECT: RESPONSE TO YOUR FEBRUARY 15, 2017 LETTER TO RICK DE SANTIAGO AND DECEMBER 29, 2016 LETTER TO GEOFFREY K. WILLIS, LARSEN, WILLIS AND WOODARD ON NEW LAKE AERATION/WATER MIXING AND DE-STRATIFICATION SYSTEM FOR LAKE ELSINORE

Dear Mr. Alderman:

This letter is to acknowledge the receipt of your above-referenced letters recommending a new Lake Aeration / Water Mixing and De-Stratification System for Lake Elsinore. The City of Lake Elsinore ("City"), County of Riverside ("County") and Elsinore Valley Municipal Water District ("EVMWD") have been actively involved for numerous years in the sustenance and maintenance of Lake Elsinore. We have also participated as stakeholders in the Lake Elsinore/Canyon Lake Total Maximum Daily Load ("LE/CL TMDL") Task Force of the Lake Elsinore and San Jacinto Watershed Authority ("LESJWA"). The Santa Ana Regional Water Quality Control Board has been an active participant in the Task Force, thus providing their input and reviews on the numerous studies, monitoring activities and research that have been conducted by many consultants and academic experts in the field of limnology. The continual effort of the multiple stakeholders is ongoing and the process of revising the TMDL is in progress, and in due course will establish updated goals and objectives.


The EVMWD, County and City have been in compliance with our regulatory requirements for Lake Elsinore. While we continue to work with the Task Force in better understanding the impacts resulting from Lake Elsinore's significant size, complexity, internal and external factors, at this time, we do not see the need for a new aeration system. Your interest in Lake Elsinore is appreciated.

Sincerely,

Nemesciano Ochoa
Assistant General Manager
Elsinore Valley Municipal Water District



Rick De Santiago
Public Works Superintendent
City of Lake Elsinore



Steve Horn
Principal Analyst
County of Riverside

NO/gm

cc: Kevin Jeffries, Riverside County Supervisor, First District
Councilmembers, City of Lake Elsinore
Grant Yates, City Manager, City of Lake Elsinore
Mark Norton, Water Resources & Planning Manager, SAWPA
Lake Elsinore & San Jacinto Watersheds Authority (LESJWA) Board of Directors
Santa Ana Watershed Project Authority (SAWPA) Board of Directors



Santa Ana Watershed Project Authority

OVER 45 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP

One Water One Watershed

AWRA INTEGRATED WATER RESOURCES MANAGEMENT AWARD
HARVARD KENNEDY SCHOOL'S TOP 25 INNOVATIONS IN AMERICAN GOVERNMENT



March 22, 2017

Susan Lien Longville
Commission
Chair

Philip Anthony
OCWD Board member and SAWPA Commissioner
VIA email

Celeste Cantú
General
Manager

Subject: Outstanding Member Contribution

Dear Commissioner Anthony,

Orange
County
Water
District

After being directed by the SAWPA auditor to resolve the outstanding amount of member contribution in the amount of \$46,000, the SAWPA Commission considered three options at their March 21, 2017 meeting as follows:

1. Write off the outstanding member agency contributions for Orange County Water District for Fiscal Years 2013-14 and 2014-15 in the amount of \$23,000 each year (\$46,000 total), or
2. Require Orange County Water District to pay the outstanding invoices plus ten percent (10%) interest per annum as per the JPA Agreement, or
3. Ask Orange County Water District to pay for mutually agreed upon SAWPA activities in the amount of the outstanding contribution over a period of two years.

Western
Municipal
Water District

The SAWPA Commission voted unanimously to support option 3 and directed me to suggest the following activities for consideration.

Eastern
Municipal
Water
District

1. OPEB – Other Post Retirement Benefits fund reduction

Prior to July 1, 2005 SAWPA Commission had agreed to pay for medical coverage for employees and their spouses if they met certain criteria. While this benefit was discontinued on July 1, 2005 for all new employees, each year SAWPA contributes the Annual Required Contribution (ARC) based on a actuarial valuation.

If OCWD were to contribute \$46,000 to the OPEB to be paid in addition to SAWPA planned ARC, interest accruing on the unfunded liability would be reduced, more interest would be earned on the plan assets, thus reducing member contributions that support the ARC for future years.

San
Bernardino
Valley
Municipal
Water
District

Inland
Empire
Utilities
Agency



2. Santa Ana Sucker Habitat Protection and Beneficial Use Enhancement Project

The Santa Ana Sucker Conservation Team, a SAWPA Roundtable in which OCWD is a partner, has scoped a full scale project design contract that would produce plans and specs for a habitat structure that benefits the Santa Ana Sucker fish. The project designs were scoped so other entities, such as water agencies, could replicate the design throughout the Santa Ana River mainstem.

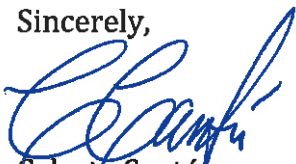
Benefits to OCWD include its ability to increase the baseline habitat conditions for the Santa Ana Sucker in the mainstem where OCWD implements projects. This project assists the water agency to meet its State and federal permit conditions.

The \$46,000 would go toward constructing habitat structures within the Santa Ana River mainstem near Hidden Valley.

Other ideas discussed were sponsorship of SAWPA's OWOW Conference keynote speaker's travel and honorarium, underwriting the reception for the new State Water Boardmember at Galleano Winery and/or other considerations totally \$46,000.

Discussion during the SAWPA Commission meeting favored the OPEB fund reduction idea. If you have any questions, please do not hesitate to call me.

Sincerely,



Celeste Cantú
General Manager

CC: Bruce Whitaker Alternate Commissioner SAWPA
Mike Markus, OCWD General Manger.



March 21, 2017

Mr. Larry McKenney, Executive Counsel
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

RE: Understanding of terms and requirements of Santa Ana Watershed Project Authority (SAWPA) Joint Powers Authority Agreement (JPAA)

Dear Larry,

A common understanding of the terms and requirements of the SAWPA JPAA amongst the SAWPA members is essential to SAWPA's ability to achieve its goals. We appreciate your willingness to meet with us on March 30, 2017, to discuss our concerns regarding interpretation and implementation of the JPAA.

In furtherance of ensuring a productive meeting on March 30, 2017, EMWD and OCWD would like to address some of these issues in advance. Set forth below please find some questions we have concerning the language of the JPAA and our understanding of how SAWPA generally, or you as their counsel, interprets certain provisions of the JPAA and the improvement of Reach V of the SAREI, also known as the Inland Empire Brine Line (IEBL). We request that you provide us written responses to these questions in advance of the March 30, 2017 meeting.

- How is Reach V not part of the SARI line considering its common function and physical integration as a tributary brine collection system?
- Assuming for the sake of argument that it is not, how can Reach V itself not be a project within the meaning of Section 18 of the JPAA?
- What attribute(s) determines whether the construction or improvement of a facility is a "project" under the JPAA?
- How do you distinguish between what is a "project" under the JPAA and what facility or improvement is not?
- What is the basis for that distinction?
- What provision(s) of the JPAA support this interpretation?

- Where is it stated in the JPAA that the requirement for unanimous approval of project budgets only pertains to project costs that would be collected through the general SAWPA assessment to the member agencies?
- Where does the JPAA distinguish between project costs collected through the general SAWPA assessment to the member agencies, and other costs associated with a project?
- Where does the JPAA distinguish between project costs (or other costs) funded by user fees, as compared to project or other costs funded from other sources.
- Won't the SAWPA member agencies owning capacity in the IEBL be directly or indirectly responsible for some portion of the IEBL repair costs?
- At any time was either design or construction work on any reach of the IEBL reviewed or authorized under PA 21?
- Were any expenditures authorized or made in relation to the PA 21 project?
- If so, under what authority were the expenditures made, if no project budget was established?
- What action was taken by the PA 21 participants or the Commission to determine that PA 21 was no longer to be used for matters pertaining to the IEBL?
- Does SAWPA expect to pay for all IEBL repair work from the already (unanimously) approved budget?
- What authority does the JPAA provide for financial contractual commitments to be made in excess of an approved project budget?
- Is it standard practice for SAWPA to plan for and calculate contracted project and other capital costs as net of potential litigation recovery?
- If so, for what other projects has SAWPA planned for and calculated capital and other project costs as net of potential litigation recovery?
- Is it standard practice for SAWPA to plan for and calculate contracted project and other capital costs as an amount less than the total amount of the contract, based on an assumption that the full contract amount will not be expended?
- If so, how does SAWPA calculate both the contract price and the assumed lower contract expenditure amount?
- If so, for what other projects has SAWPA planned for and calculated contracted project or other capital costs as an amount less than the total amount of the contract.
- The proposed budget for the upcoming fiscal years (FY 2018 and 2019) appears to include funding for the completion of IEBL repairs. Is this budgeted amount needed to complete IEBL repairs? Will the proposed budget require unanimous approval?
- In the event the budgeted \$14.7 million is insufficient to complete the IEBL repairs and additional funds are required, will the additional budget authorization require unanimous approval?

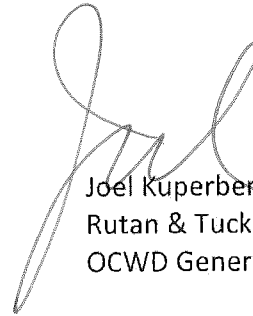
Mr. Larry McKenney, Executive Counsel
Santa Ana Watershed Project Authority
March 21, 2017
Page 3

We look forward to hearing from you on these important issues, and thank you in advance for your anticipated cooperation.

Sincerely,



Steven O'Neill
Lemieux & O'Neill
EMWD General Counsel



Joel Kuperberg
Rutan & Tucker
OCWD General Counsel

cc. SAWPA Commissioners and Alternates
Celeste Cantu, SAWPA General Manager
Mike Markus, OCWD General Manager
Paul Jones II, EMWD General Manager

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From: Steve O'Neill
Sent: March 30, 8:59 AM
To: Larry McKenney; Joel Kuperberg

Thanks Larry- see you this afternoon.

From: Larry McKenney [<mailto:LMcKenney@sawpa.org>]
Sent: Wednesday, March 29, 2017 10:09 PM
To: Steve O'Neill <steve@lemieux-oneill.com>; Joel Kuperberg (JKuperberg@rutan.com)
<JKuperberg@rutan.com>
Subject: answers to your questions

Gentlemen,

I have been pressed for time the last few days, but I did want to provide answers to your questions in your letter last week, as requested, before the meeting tomorrow. These answers reflect my thinking and in some cases address matters about which I have advised the SAWPA Commission, but these answers have not been discussed specifically with anyone else and are my thoughts. I did not treat your questions as interrogatories and have not drafted my answers in that guarded sense, but have assumed that this is an aid to tomorrow's discussion.

In order to avoid unnecessary repetition and possibly some confusion of concepts I have grouped the questions into four narrative answers. (I numbered your questions 1 – 23)

Questions 1 – 6 Projects, Project Agreements, and Reach V

The question of what is a "project" for purposes of Section 18 of the JPA is ultimately one for the SAWPA Commission. It is not controlled decisively by the JPA. Reach V is a part of the Inland Empire Brine Line. This is not to the same as saying that it is the "project" referred to in Section 18 of the JPA. At the time of the adoption of the JPA, Reach V was not under consideration. For example, the 1974 James M. Montgomery Project Report for the Santa Ana Regional Interceptor written for SAWPA, describes the brine line then under consideration. This included several segments: Reaches IV, IVa, IVb, and IVc. It is worth noting that Eastern would not become a SAWPA member agency for another ten years after this report, which is contemporaneous with the drafting of the JPA. Over time, the Commission has addressed some issues as "projects" per Section 18, and some simply as SAWPA activities. (Importantly, not everything referred to by SAWPA as a project in the sense of capital improvements or a significant activity is a "project" for purposes of Section 18 of the JPA. For example, if SAWPA were to build a new headquarters building, that would certainly be described and treated as a project, but it would be an activity so central to the organization that there would be no obvious reason for the Commission to create a separate committee and budget for it.) Factors that the Commission might consider in making such a decision could include whether all of the member agencies are participating or whether it makes any sense to allow a member agency to opt out; whether there are agencies other than member agencies involved in the project, especially as cost-share partners; the size of the capital commitment; the type of revenue planned to be used to fund the project and whether the project is entirely or predominantly funded by member agency contributions; and the regional nature of the project or its benefits. These are not codified, but are the product of my answering your question. I do not decide; the Commission does. The logic of this is derived from several sections in the JPA, including 18 (Specific Projects), 6 (Governing Body), 17 (Rules), and 19 (Powers and Limitations).

Questions 7 – 10 Project accounting

The JPA describes the budget process for SAWPA's general budget and for project budgets in Sections 24 - 29. It describes the concept of member agency contributions in Sections 30 - 31, which notably does not discuss Member Agencies acting as utility ratepayers. For the SAWPA general budget, the JPA requires approval by the SAWPA Commission by majority vote and approval by all member agency boards. For project budgets, the JPA provides that the budget be approved by the project committee or the entire commission (if all members are participating) unanimously, and then by all of the participating agencies' boards. This process implements the policy principle articulated in Section 7 of the JPA that member agencies will not be made to contribute to SAWPA--or be made financially liable for the general or special project budgets--involuntarily (with the decision being at the Member Agency board, not at the Commission). Pursuant to the joint exercise of powers statute, the SAWPA JPA expressly provides that the debts and obligations of SAWPA are SAWPA's and not the member agencies' (Section 38) The JPA does not describe or discuss any kind of user fee or rate structure as a revenue source, and seems to have assumed that the member agencies would fund all of the activities. The reality today, of course, is that the brine line is operated and maintained as a regional utility by SAWPA under the governance of the Commission. It is paid for by rates paid by brine line users. Some of the brine line users are also Member Agencies, but many are not. The Commission sets the rates for use of the brine line that SAWPA owns, and users pay the rates pursuant to ordinance, permits, agreements, and actual usage. The extent of the actual usage is within the control of the brine line users, including Member Agencies. Therefore, brine line rate charges are not imposed involuntarily. Ratepayers who are also Member Agencies do not have special recourse against the rates that other ratepayers do not have. Member Agencies' rate payments are not "contributions" as described in Section 30 of the JPA, and are actually not foreseen in the text of the JPA.

Questions 11 – 14 Project Agreement 21

Project Agreement 21 was created mainly to provide a forum for the Member Agencies using the brine line to discuss the contractual disputes about brine line capacity with OCSD. The Project Agreement was drafted more broadly in order to allow discussion of brine line matters that could all be related in the same forum. It was not important at the time to sharply distinguish the issues being discussed in the PA21 Committee because the committee never had, and was never intended to have, any kind of executive authority. While the PA21 Committee received a number of informational briefings about the OCSD issues, the Reach IV repairs, and the Reach V spill and reactive measures, it never took any action. Even the OCSD settlement was acted on by the entire Commission. The Project Agreement was drafted with this intent, specifically providing that there would be no PA21 budget, and omitting provisions that would otherwise have been called for SAWPA policy when less than all of the Member Agencies are in the committee, including provisions giving the committee full executive authority and having the members accept all financial liabilities for the project. PA21 has not been formally terminated, but the committee has not met since the approval of the OCSD settlement, which again demonstrates that such was the intent behind the Project Agreement.

Questions 15 – 23 Budgets and Obligations

SAWPA has expended funds on the Reach V project in the FY 12-13, FY 14-15, and FY 16-17 two-year budgets. SAWPA now plans to complete the project with funds included in the FY 18-19 budget. The estimated total cost for project completion is approximately \$32 million. This includes post-spill investigation, project investigation, design and construction of all phases including the Nichols Road relocation, and the estimated cost of all remaining work, including SAWPA staff time. All of the expenditures to date have been within the approved budgets at the time, and the plan is to complete

the project within the approved FY 18-19 budget. This plan, and the budget proposal currently in development, is exclusive of any recovery from the original contractor or its surety. The project has always been presented as being funded from brine line reserves, with the reserves being later replenished by rate revenues and SRF loan funds. Now, legal damages may be another source of replenishing the reserves, but SAWPA is not budgeting that contingency. Like any public agency, SAWPA has a budget approval process, and the budget is a plan. Like any infrastructure agency, SAWPA often needs to execute contracts for work that spans budget cycles. Each approved budget includes planned expenditures in those budget years, and future year expenditures are noted for the Commission as projections during contract award and status updates. Such future expenditures are always contingent on budget approval for future years. If a subsequent budget approval omits funding for a contractual commitment, SAWPA would stop work on the contract and terminate for convenience. It would be SAWPA staff's responsibility to explain to the Commission during the budget process the ramifications of that decision. Of course, it is also SAWPA staff's responsibility to provide information to the Commission about factors that are relevant to cost and revenue projections, including potential cost savings in executing the contract, potential additional expenses, or other sources of funding.

Larry