



S A W P A

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

REGULAR COMMISSION MEETING TUESDAY, JUNE 20, 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. COMMENDATIONS

A. 5 years with SAWPA

Zyanya Blancas | Larry McKenney

B. 10 years with SAWPA

Tom Evans | Celeste Cantú | David Ruhl | Dean Unger | Sara Villa

C. 15 years with SAWPA

Rich Haller | Karen Williams | Dawna Munson

D. 20 years with SAWPA

Jerry Oldenburg

E. 25 years with SAWPA

Regina Patterson | Mark Norton

5. 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: JUNE 6, 2017.....7

Recommendation: Approve as posted.

B. TREASURER’S REPORT – MAY 2017.....11

Recommendation: Approve as posted.

6. NEW BUSINESS

A. VIREO MONITORING PROJECT UPDATE

Presenter: Hugh Wood, Executive Director, Santa Ana Watershed Association

Recommendation: Receive and file.

- B. [DISCUSS JOINT POWERS AUTHORITY DELIBERATION PROCESS \(CM#2017.82\)](#)..... 17**
Recommendation:
1. Acknowledge the concerns raised by EMWD and OCWD regarding compliance with the JPA agreement;
 2. Establish a process and schedule to collaboratively resolve these concerns in a timely manner
 3. Direct staff to advise the Board of Directors of EMWD that the SAWPA Commission has acknowledged the concerns raised by EMWD and OCWD and established a process and schedule to collaboratively resolve these issues in a timely manner to prevent further delay on taking action on the proposed SAWPA biennial budget.
- C. [FYE 2018 AND FYE 2019 SAWPA BUDGET \(CM#2017.83\)](#) 25**
Presenters: Karen Williams | Rich Haller | Mark Norton | Larry McKenney
Recommendation: Receive additional information and provide direction to staff relative to EMWD’s deferral of SAWPA’s proposed FYE 2018-2019 budget as follows:
- a. Deletion of the proposed full-time Technical Grant Writer position and substitution with appropriate budget for contracting with a qualified consultant to provide such services on an as-needed basis;
 - b. Clarification of the current and projected Reach V project expenditures to completion of the project, and the total authorized and requested budget amount for the project that will not be exceeded absent further approval by the Commission; and,
 - c. Clarification regarding the use of any proceeds recovered through litigation and/or pursuit of any performance bond for reducing the State Revolving Fund (SRF) loan borrowing for the project or defeasing a portion of that obligation, whichever is appropriate based on the timing of such a recovery.
- D. [APPOINTMENT OF INTERIM GENERAL MANAGER \(CM#2017.87\)](#)..... 41**
Presenters: Celeste Cantú
Recommendation:
1. That the Commission appoint Richard Haller, P.E., Executive Manager of Engineering & Operations as Interim General Manager effective July 1, 2017, until the Commission appoints a General Manager;
 2. That the appointment as Interim General Manager include all the power, authority, and responsibility of the General Manager;
 3. That Mr. Haller will at the same time retain his position and duties as Executive Manager of Engineering & Operations while serving as Interim General Manager;
 4. That during his appointment as Interim General Manager, Mr. Haller’s salary will be 110% of his salary as Executive Manager of Engineering & Operations.
- E. [FOREST FIRST PROGRAM UPDATE \(CM#2017.84\)](#)..... 43**
Presenter: Ian Achimore
Recommendation: Receive and file.
- F. [WATER QUALITY MONITORING – SAWPA ADMINISTRATION \(CM#2017.85\)](#) 53**
Presenter: Rick Whetsel
Recommendation: Receive and file.

- G. **INLAND EMPIRE BRINE LINE REACH V REHABILITATION AND IMPROVEMENT PROJECT – PHASE 1**
Presenter: David Ruhl
Recommendation: Receive and file.

- H. **WROUGHT IRON FENCE – SAWPA BUILDING (CM#2017.86)**..... 55
Presenter: Carlos Quintero
Recommendation: Approve use of funds from the Building Reserve Account in an amount not to exceed \$30,000 for the installation of an 8-foot tall wrought iron fence on the west wide of the SAWPA building.

- I. **LOCAL HAZARD MITIGATION PLAN UPDATE (CM#2017.80)**..... 57
Presenter: Carlos Quintero
Recommendation: Receive and file.

- J. **EMERGING CONSTITUENTS PROGRAM TASK FORCE – PUBLIC OUTREACH STATUS REPORT (CM#2017.78)**..... 65
Presenter: Mark Norton | Liselle DeGrave
Recommendation: Receive and file.

- K. **BASIN MONITORING PROGRAM TASK FORCE UPDATE | UPPER SANTA ANA RIVER INTEGRATED MODEL UPDATE (CM#2017.79)**..... 67
Presenter: Mark Norton | Bob Tincher
Recommendation: Receive and file.

- L. **STATEMENT OF INVESTMENT POLICY (CM#2017.81)**..... 69
Presenter: Karen Williams
Recommendation: Adopt Resolution No. 2017-10, approving the Statement of Investment Policy and delegating authority to the Chief Financial Officer to invest or reinvest funds consistent with the Statement of Investment Policy.

7. INFORMATIONAL REPORTS

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

- A. **CASH TRANSACTIONS REPORT – APRIL 2017**..... 87
Presenter: Karen Williams

- B. **INTER-FUND BORROWING – APRIL 2017 (CM#2017.75)**..... 93
Presenter: Karen Williams

- C. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – APRIL 2017 (CM#2017.76)**..... 97
Presenter: Karen Williams

- D. **THIRD QUARTER FYE 2017 EXPENSE REPORTS** 117
 - Staff
 - General Manager**Presenter:** Karen Williams

- E. **OWOW PLAN UPDATE 2018 STATUS (CM#2017.77)**..... 121
Presenter: Mike Antos

F. **GENERAL MANAGER'S REPORT**

G. **EXECUTIVE SEARCH AD HOC COMMITTEE REPORT**

H. **CHAIR'S COMMENTS/REPORT**

I. **COMMISSIONERS' COMMENTS**

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

K. **NO REGULAR MEETING JULY 4, 2017 – NEXT REGULAR MEETING IS JULY 18, 2017**

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, June 15, 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

Page Intentionally Blank



**SAWPA COMMISSION
REGULAR MEETING MINUTES
JUNE 6, 2017**

COMMISSIONERS PRESENT Susan Lien Longville, Chair, San Bernardino Valley Municipal Water District
Ronald W. Sullivan, Vice Chair, Eastern 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

COMMISSIONERS ABSENT None

ALTERNATE COMMISSIONERS PRESENT; NON-VOTING Kati Parker, Alternate, Inland Empire Utilities Agency
Gil Navarro, Alternate, San Bernardino Valley Municipal Water District
Bruce Whitaker, Alternate, Orange County Water District

STAFF PRESENT Celeste Cantú, Rich Haller, Larry McKenney, Mark Norton, Dean Unger, David Ruhl, Ian Achimore, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:33 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. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: MAY 16, 2017

B. APPROVE REVISED CONDITION OF CONTRACT APPROVAL WITH BRI COMMUNICATIONS FOR WATERSHED SIGNAGE (CM#2017.73)

Recommendation: Approve a revised condition of contract approval with Bri Communications associated with a QR code requirement to include the One Water One Watershed website URL address on the signage in lieu of a QR code as earlier directed.

MOVED, approve the Consent Calendar.

Result:	Adopted (Unanimously)
Motion/Second:	Anthony/Evans
Ayes:	Anthony, Evans, Hall, Longville, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

5. NEW BUSINESS

A. BRINE LINE SERVICE CONTRACTS FY16-17 (CM#2017.72)

Carlos Quintero provided a PowerPoint presentation. On March 17, 2015, the SAWPA Commission approved staff to issue a Request for Proposals for the Brine Line Service Contracts. The RFPs required contractors to maintain prices for a minimum of 2 years, and included an option to renew for an additional third year, at SAWPA's discretion. Issuance of the 2017-18 service contacts fall under the optional third year. A request for proposals for Brine Line service contracts will be issued prior to the start of FY18-19. Future expenses will be reduced with the addition of the approved Brine Line Operator position.

MOVED, approve Work Order 2018-05 with E.S. Babcock Laboratories in the amount of \$87,578 for water quality sampling and analysis services and Work Order 2018-01 with Western Municipal Water District in the amount of \$90,000 for Brine Line water quality sample collection.

Result:	Adopted (Unanimously)
Motion/Second:	Anthony/Hall
Ayes	Anthony, Evans, Hall, Longville, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

B. RETIREMENT FROM PUBLIC SERVICE CELEBRATION – JUNE 22 2017

Rich Haller provided a budget and planning update. Invitations have been delivered, and there is a \$35 registration fee for those attending. Staff will continue seeking donations to help offset event costs. There was discussion regarding payment for attendees of sponsoring agencies. Any inquiries regarding sponsorship should be directed to Rich Haller.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.B.

C. MEMBER AGENCY GENERAL MANAGERS' FACILITATED PROCESS, STATEMENT OF PURPOSE AND FUTURE WORKSHOP SCHEDULE

Chair Longville advised this had been provided by the member agency general managers; consensus among the general managers had recently been reached on this statement of purpose which was provided for the Commission's information, along with a request that the Commission consider meeting with them toward the end of July to discuss and seek resolution on the issues outlined.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.C.

D. MEMBER AGENCY GENERAL MANAGERS' LIST OF POTENTIAL ATTRIBUTES FOR A SAWPA GENERAL MANAGER

Chair Longville advised this had been provided by the member agency general managers. Chair Longville had provided it to the Executive Search Ad Hoc Committee and staff has forwarded it to consultant Bob Murray & Associates. A discussion ensued regarding Ad Hoc Committee communications and the recruitment ad and brochure. The Commission agreed they should be provided with the final text for the recruitment ad and brochure before anything is released. Chair

Longville directed staff to (1) remind the consultant to work with both members of the Ad Hoc Committee, (2) work with the consultant to ensure this occurs, including information regarding ad placement.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.D.

6. INFORMATIONAL REPORTS

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

A. SAWPA ROUNDTABLE QUARTERLY STATUS REPORT FOR THE PERIOD: JANUARY 1 2017 THROUGH MARCH 31 2017

Mark Norton provided an overview of the status report contained in the agenda packet. A detailed PowerPoint presentation will be provided at the next Commission meeting on the Emerging Constituents Program Task Force social outreach, Basin Monitoring Program Task Force, Regional Water Quality Monitoring Task Force and Forest First Program. The Forest First program will be included in future quarterly status reports.

B. OWOW INFORMATIONAL REPORTS

Presenter: Mark Norton

- **Quarterly Status Report for the Period: January 1, 2017 through March 31, 2017**
- **May 25, 2017 Conference – 21st Century Water Strategy: Working Together to Make a Finite Resource Infinite – a Storybook Video Presentation**

Mark Norton provided an overview of the status report contained in the agenda packet. A storybook video of the May 25, 2017 Conference was presented and will be posted to the SAWPA website. The Conference was successful with high attendance, many of whom stayed until the last sessions. Chair Longville thanked Celeste Cantú for her keynote address; she received many positive comments. Commissioner Sullivan echoed her comments. Conference presentations can be accessed on the SAWPA website for those who were unable to attend. The publication *SoCal Yard Transformation a Step-by-Step Guide to Get the Yard You Want* (underwritten in part by OWOW grant funding) was provided to conference attendees. Pam Pavela from WMWD was commended on her efforts. Chair Longville requested staff provide results of the Water Education Foundation conference survey.

7. WORKSHOP DISCUSSION AGENDA

A. JPA, PROJECT AGREEMENTS AND DECISIONS UPDATE (CM#2017.74)

8. CLOSED SESSION

At 10:16 a.m., Chair Longville recessed the meeting to Closed Session. Designated personnel 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 10:46 a.m., and stated no reportable action was taken during Closed Session.

9. **ADJOURNMENT**

There being no further business for review, Chair Longville adjourned the meeting at 10:49 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, June 20, 2017.

Susan Lien Longville, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

*Santa Ana Watershed
Project Authority*



Finance Department

Santa Ana Watershed Project Authority
TREASURER'S REPORT

May 2017

During the month of May 2017, the Agency's actively managed temporary idle cash earned a return of 1.571%, representing interest earnings of \$17,756. Additionally, the Agency's position in overnight funds L.A.I.F. and CalTRUST generated \$24,833 and \$2,346 in interest, resulting in \$44,936 of interest income from all sources. Please note that this data represents monthly earnings only, and does not indicate actual interest received. There was one (1) investment position purchased, zero (0) positions sold, zero (0) positions matured, and zero (0) positions were called.

This Treasurer's Report is in compliance with SAWPA's Statement of Investment Policy. Based upon the liquidity of the Agency's investments, this report demonstrates the ability to meet customary expenditures during the next six months.

June 12, 2017

Prepared and
Submitted by:

A handwritten signature in blue ink, which appears to read 'Karen Williams', is written over a horizontal line.

Karen L. Williams, Chief Financial Officer

Santa Ana Watershed Project Authority
INVESTMENT PORTFOLIO - MARKED TO MARKET - UNREALIZED GAINS & LOSSES
May 31, 2017

SAWPA primarily maintains a "Buy and Hold" investment philosophy, with all investments held by the Citizens Business Bank via a third-party safekeeping contract.

Investment Type	Security Type	CUSIP	Dealer	Purchase Date	Maturity Date	Call Date (if appl)	Par Value	Yield To Maturity	Investment Cost	Market Value Current Month	Unrealized Gain / (Loss)	Coupon Rate	Interest Earned
Agency	FHLMC	3137EACA5	WMS	03-27-14	03-27-19	No Call	\$500,000	1.790%	546,650.00	522,045.50	(24,604.50)	3.750%	\$ 760.14
Agency	FHLMC	3137EAEC9	WMS	09-16-16	08-12-21	No Call	\$1,000,000	1.335%	990,060.00	975,713.00	(14,347.00)	1.125%	\$ 1,133.79
Agency	FHLMC	3137EADB2	WMS	04-17-17	01-13-22	No Call	\$500,000	2.375%	512,767.00	511,446.00	(1,321.00)	2.375%	\$ 1,008.56
Agency	FHLB	313379EE5	WMS	05-26-15	06-14-19	No Call	\$500,000	1.420%	504,015.00	502,285.50	(1,729.50)	1.625%	\$ 603.10
Agency	FHLB	3130A62S5	WMS	11-18-15	08-28-17	No Call	\$500,000	0.860%	499,030.00	499,686.50	656.50	0.750%	\$ 365.24
Agency	FHLB	313383HU8	WMS	06-16-16	06-12-20	No Call	\$1,000,000	1.080%	1,026,088.00	1,005,394.00	(20,694.00)	1.750%	\$ 917.27
Agency	FNMA	3135GOZA4	WMS	03-27-14	02-19-19	No Call	\$500,000	1.800%	501,975.00	504,469.00	2,494.00	1.875%	\$ 764.38
Agency	FNMA	3136G1GP8	WMS	03-27-13	03-27-18	03-27-15	\$1,000,000	1.000%	1,000,000.00	998,724.00	(1,276.00)	1.000%	\$ 849.32
Agency	FNMA	3135G0H55	WMS	12-28-15	12-28-20	No Call	\$1,000,000	1.830%	1,002,140.00	1,008,592.00	6,452.00	1.875%	\$ 1,554.26
Agency	FNMA	3135G0F73	WMS	06-16-16	11-30-20	No Call	\$1,000,000	1.150%	1,015,157.00	1,005,394.00	(9,763.00)	1.500%	\$ 976.72
Agency	USTN	912828A34	WMS	11-17-15	11-30-18	No Call	\$1,000,000	1.166%	1,002,500.00	1,000,117.00	(2,383.00)	1.250%	\$ 990.21
Agency	USTN	912828WC	WMS	11-17-15	10-31-20	No Call	\$1,000,000	1.638%	1,005,312.50	1,007,031.00	1,718.50	1.750%	\$ 1,391.04
Agency	USTN	912828G61	WMS	11-17-15	11-30-19	No Call	\$1,000,000	1.469%	1,001,210.94	1,003,398.00	2,187.06	1.500%	\$ 1,247.59
Agency	USTN	912828L32	WMS	06-17-16	08-31-20	No Call	\$500,000	1.030%	507,070.31	497,871.00	(9,199.31)	1.375%	\$ 437.53
Agency	USTN	912828L65	WMS	06-16-16	09-30-20	No Call	\$500,000	1.041%	506,992.19	497,480.50	(9,511.69)	1.375%	\$ 441.95
Agency	USTN	912828L99	WMS	06-16-16	10-31-20	No Call	\$500,000	1.051%	506,914.06	497,090.00	(9,824.06)	1.375%	\$ 446.10
CORP	Toyota Motor Credit Corp	89236TCP8	WMS	09-15-16	07-13-18	No Call	\$500,000	1.100%	504,057.50	500,569.00	(3,488.50)	1.550%	\$ 467.15
CD	Ally Bank	02006L2F9	WMS	01-13-15	04-20-20	No Call	\$248,000	1.800%	248,000.00	248,000.00	-	1.800%	\$ 379.13
CD	American Express	02587DP85	WMS	04-19-17	04-19-21	No Call	\$248,000	2.250%	248,000.00	248,000.00	-	2.250%	\$ 473.92
CD	American Express BK FSB	AN4199708	WMS	05-10-17	05-10-21	No Call	\$248,000	2.200%	248,000.00	248,000.00	-	2.200%	\$ 298.96
CD	GE Cap Retail	36157PVU0	WMS	01-31-14	01-31-18	No Call	\$248,000	1.450%	248,000.00	248,647.35	647.35	1.450%	\$ 305.41
CD	National Bank of NY	634116CA3	WMS	06-18-14	06-18-18	No Call	\$248,000	1.300%	248,000.00	248,000.00	-	1.300%	\$ 273.82
CD	Capital Bank FI Miami	139800CC8	WMS	05-27-15	05-29-18	No Call	\$248,000	1.100%	248,000.00	248,000.00	-	1.100%	\$ 231.69
CD	Compass Bank	20451PLB0	WMS	05-29-15	08-29-17	No Call	\$248,000	1.000%	248,000.00	248,120.69	120.69	1.000%	\$ 210.63
CD	Capital One NA	14042RAG6	WMS	09-30-15	10-01-18	No Call	\$248,000	1.650%	248,000.00	248,000.00	-	1.650%	\$ 347.54
CD	Capital One Bank USA NA	140420VZ0	WMS	09-30-15	10-01-18	No Call	\$248,000	1.650%	248,000.00	248,000.00	-	1.650%	\$ 347.54
CD	Wells Fargo Bank NA	9497482W6	WMS	12-02-15	12-03-18	No Call	\$245,000	1.450%	245,000.00	245,000.00	-	1.450%	\$ 301.72
CD	CIT Bank	17284A6P8	TVI	03-13-13	03-13-18	No Call	\$248,000	1.100%	248,000.00	247,815.44	(184.56)	1.100%	\$ 231.69
Total Actively Invested Funds							\$15,225,000		\$ 15,356,939.50	\$ 15,262,889.48	\$ (94,050.02)	1.571%	\$ 17,756.42
Total Local Agency Investment Fund									\$31,609,944.64			0.925%	24,833.29
Total CalTRUST Investment Fund									\$2,174,956.26			1.270%	2,345.97
Total Invested Cash							\$15,225,000		\$ 49,141,840.40			1.140%	\$ 44,935.68

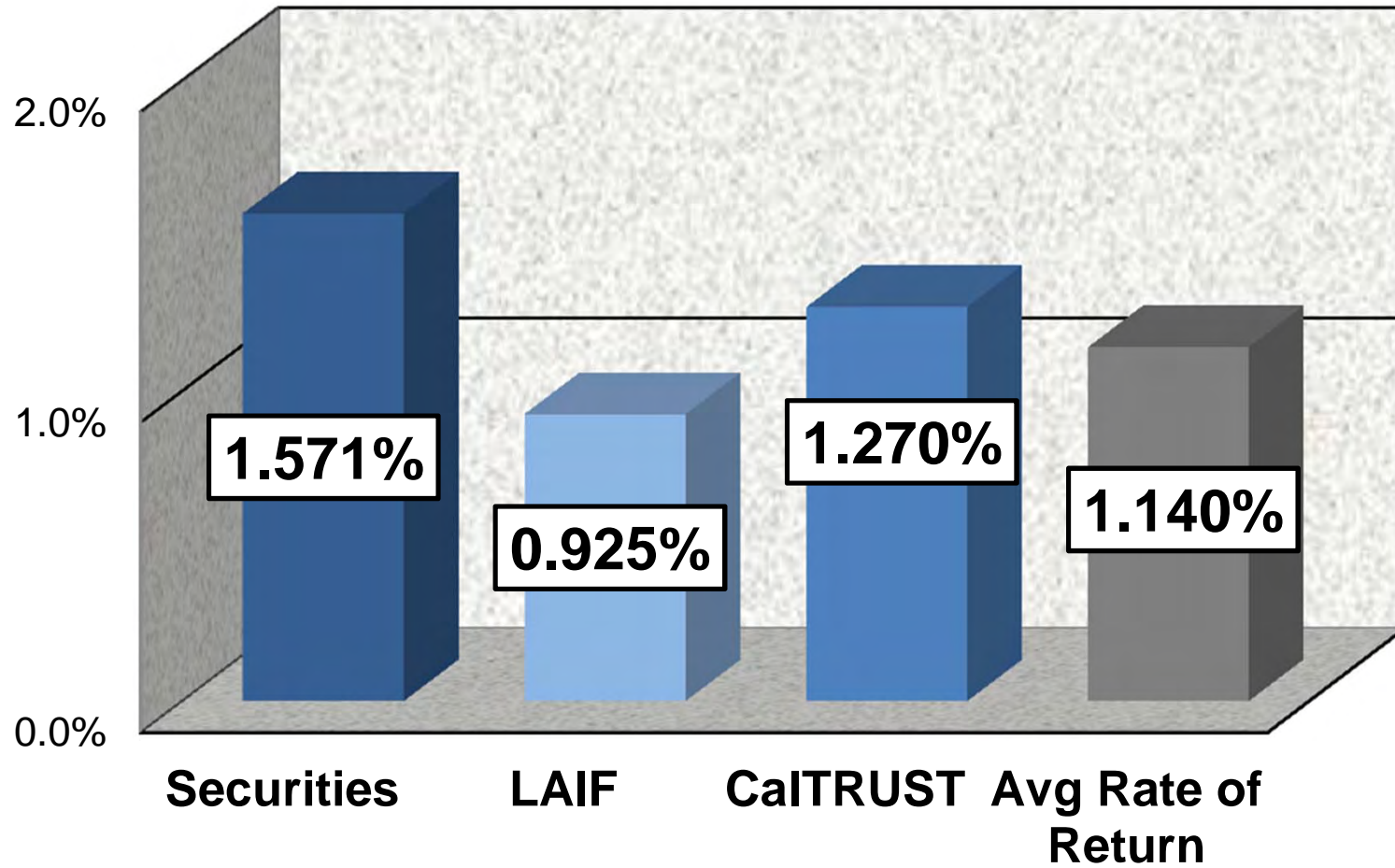
Key to Security Type:

FHLB	= Federal Home Loan Bank
FHLMC	= Federal Home Loan Mortgage Corporation
FNMA	= Federal National Mortgage Association
USTN	= US Treasury Note
CORP	= Corporate Note
CD	= Certificate of Deposit
GDB	= Goldman Sachs Bank

Key to Dealers:

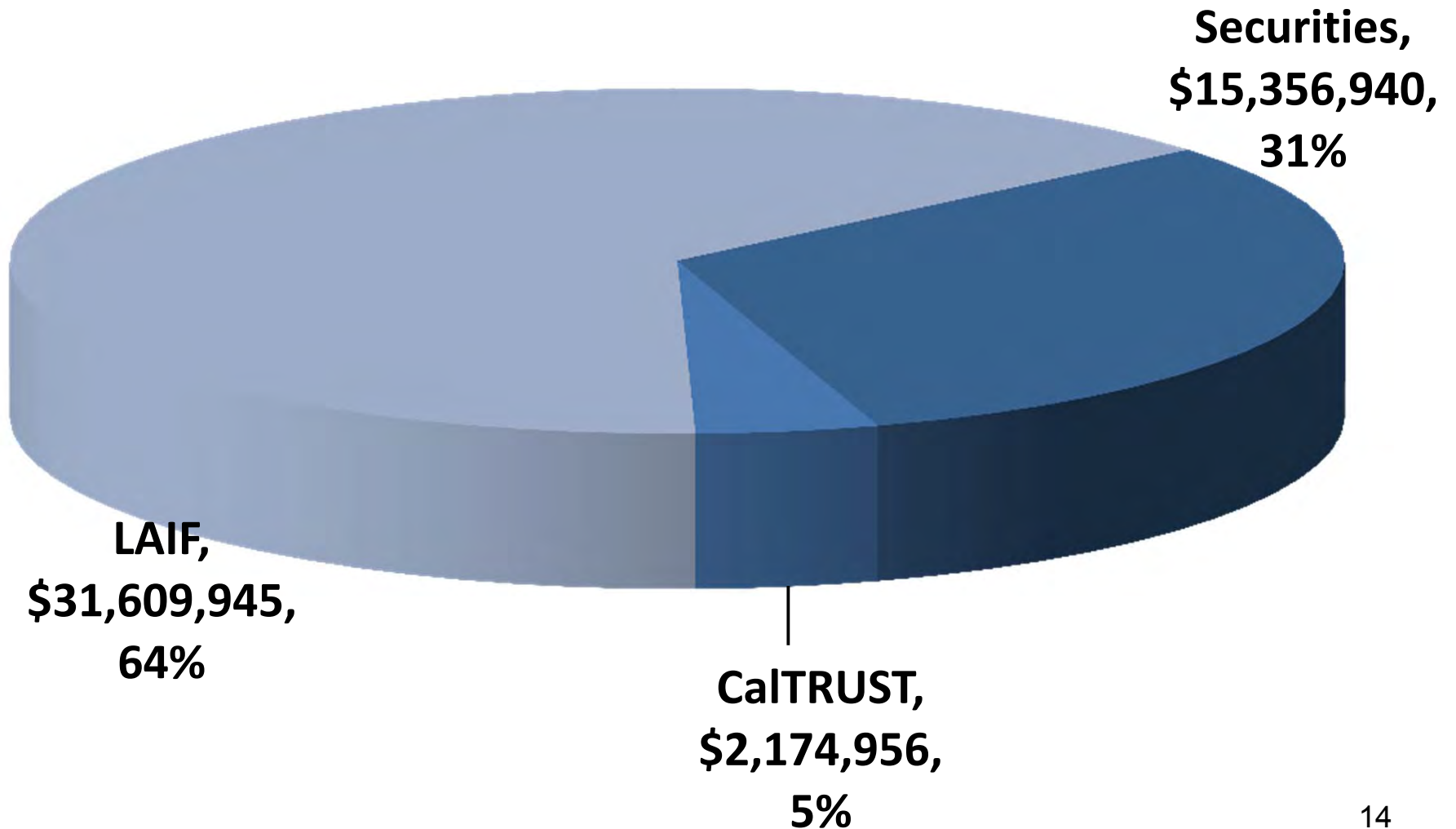
FCS	= FinaCorp Securities
MBS	= Multi-Bank Securities
MS	= Mutual Securities
RCB	= RBC Dain Rauscher
SA	= Securities America
TVI	= Time Value Investments
WMS	= Wedbush Morgan Securities

Interest Rate Analysis



Investments

\$49,141,840



Interest

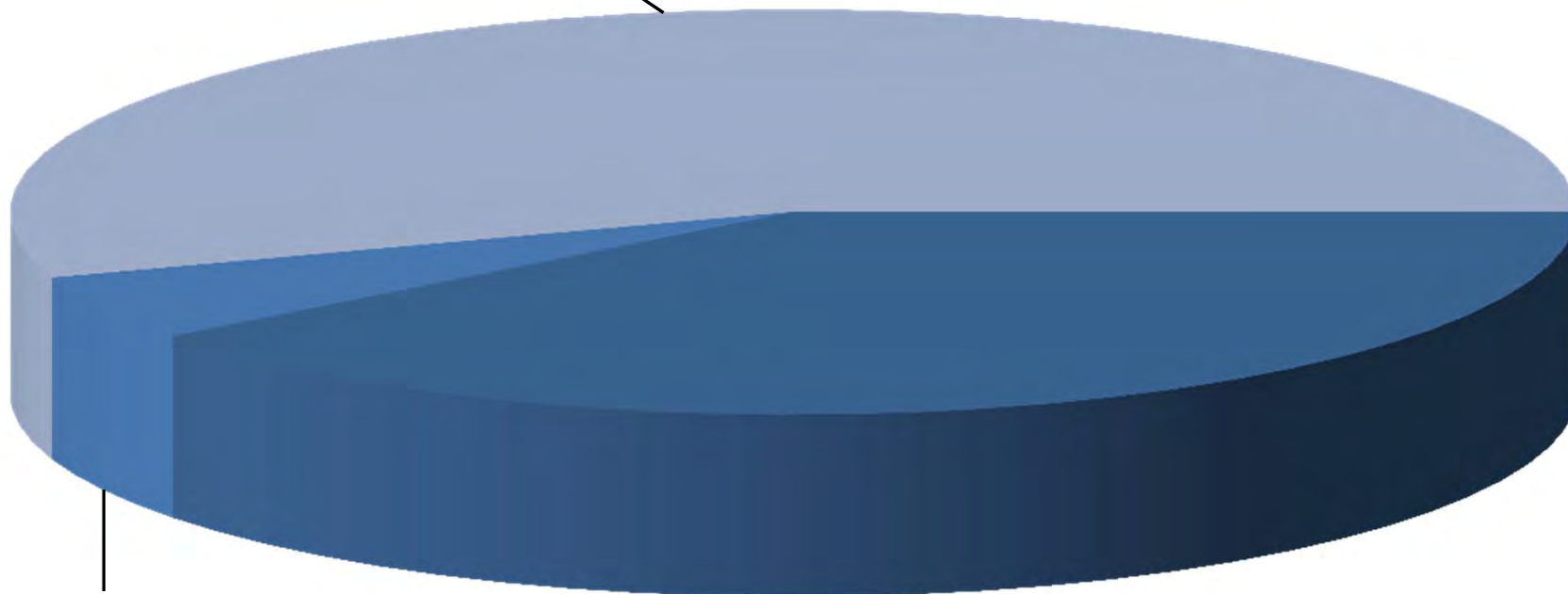
\$44,936

LAIF, \$24,833,

55%

CalTRUST,
\$2,346, 5%

Securities,
\$17,756, 40%



Page Intentionally Blank

COMMISSION MEMORANDUM NO. 2017.82

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Discuss Joint Powers Authority Deliberation Process
PREPARED BY: General Manager

RECOMMENDATION

Staff is recommending that the Commission consider the following actions:

1. Acknowledge the concerns raised by EMWD and OCWD regarding compliance with the JPA agreement;
2. Establish a process and schedule to collaboratively resolve these concerns in a timely manner;
3. Direct staff to advise the Board of Directors of EMWD that the SAWPA Commission has acknowledged the concerns raised by EMWD and OCWD and established a process and schedule to collaboratively resolve these issues in a timely manner to prevent further delay on taking action on the proposed SAWPA biennial budget.

DISCUSSION

On June 7, 2017, the Board of Directors of Eastern Municipal Water District approved the following EMWD staff recommendation:

“Prior to taking action on the proposed SAWPA biennial budget, secure from the SAWPA Commission an acknowledgement of the concerns raised by EMWD and OCWD regarding compliance with the JPA agreement and agreement to establish a process and schedule to collaboratively resolve these concerns in a timely manner.”

Issues related to SAWPA governance and decision-making are obviously critical to the effective functioning of the agency. The Commission should establish a process and schedule to collaboratively resolve the concerns raised by EMWD and OCWD regarding compliance with the JPA agreement in a timely manner.

EMWD and OCWD have proposed a plan of action for the SAWPA Commission to consider that begins with reviewing SAWPA activities to determine what additional project agreements the Commission believes may be needed. (Attachments 1 and 2)

Should the Commission decide to take this action, a review by staff of current activities would be undertaken immediately, grouping activities for which agreements may be needed together under programmatic agreements for efficiency of administration where possible.

After review and discussion of the results of this review at a future workshop, the SAWPA Commission would consider directing staff to draft the necessary new agreements that could include, for example:

- Drafting specific identified new project agreements
- Drafting a template general purpose project agreement that could be adapted to various activities

- Drafting a project agreement for operation of the Inland Empire Brine Line
- Drafting a project agreement generally covering activities under multi-agency task force agreements.

Staff believes that preparing drafts of this type would help to identify and answer general questions about governance process and the application of existing policies that will be relevant to all such agreements going forward.

CRITICAL SUCCESS FACTORS

None identified for this activity.

RESOURCE IMPACTS

None

Attachments:

1. EMWD and OCWD letter of May 1, 2017
2. EMWD and OCWD letter of May 15, 2017



May 1, 2017

Ms. Celeste Cantú
General Manager
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Subject: May 2, 2017, Regular Commission Meeting Item 6B - SAWPA Joint Powers Agreement

Dear Ms. Cantú:

We want to express our appreciation to you and Larry McKenney for placing the subject item (Item 6B) on the Commission's May 2, 2017, agenda. The purpose of this letter is to provide comments on the staff report for the item and to make recommendations for completing the essential task of conforming SAWPA's activities to the terms and conditions of its Joint Powers Authority Agreement (JPAA).

The staff report for Item 6B states that staff is going to provide a review of "current and historical administrative practices" and a workshop discussion will be held to "determine what if any problems current SAWPA administrative procedures are causing." To clarify, the concern that both EMWD and OCWD have consistently expressed as recently as our April 5, 2017 letter, is neither an administrative nor procedural one. It is the simple fact that SAWPA is not operating under the contractual requirements of its JPAA.

The JPA agreement is exceedingly clear when it states in Section 18 that: "except for preliminary studies and matters of general administration" all other activities SAWPA undertakes shall be administered as projects, with project agreements and unanimous voting requirements among the participating agencies for budget and operating decisions. Currently, SAWPA does not have project agreements with its member agencies for many critical projects and activities, and is not following proper voting or administrative procedures for these items.

SAWPA's JPAA is a contract between its member agencies. This contract creates duties and obligations amongst its members such as those articulated, above. Like any contract, a failure to adhere to its terms and requirements exposes SAWPA to the potential for claims of breach. While the staff report suggests the Commission needs to determine if there is a problem, we believe the problems of not complying with the JPAA are clear and obvious.

To use the Commission's time wisely in the upcoming workshop, we suggest that we spend the minimum amount of time on the administrative history and review of past practices, and move more directly into identifying a step-by-step process which the Commission and member agencies can undertake to conform SAWPA's future business operations and governance to the contractual requirements of its JPAA.

In this regard, summarized below for the Commission's consideration are a series of steps that we believe could be successfully undertaken to ensure future conformance with the JPAA. This list of steps and other background information has been provided to Larry McKenney as well as other member agency counsel.

1. *Identification of Projects:* The staffs of SAWPA and the member agencies would identify the various activities of which SAWPA is engaged that meet the criteria of not being preliminary studies or matters of general administration, and either directly or indirectly expose the member agencies to costs. This list should be presented to the Commission to clarify what constitutes a "project" for the purposes of the JPAA.
2. *Determining Projects Requiring Project Agreements:* Identify what specific activities for which the Commission has formally identified as "projects" and has executed project agreements and where appropriate, established project committees. Identify the remaining activities that meet the criteria of a "project" but have neither a project agreement nor a project committee, and determine if some of those activities (i.e. round tables) can be logically grouped into a single project. Present the recommended new "projects," consistent with the JPAA requirements, to the Commission for review and consideration.
3. *Identification of Project Committees and Membership:* Based upon the "projects" identified, determine which agencies are participating in the various activities and projects, and if less than all the member agencies are participating in a "project," identify the need for a project committee consistent with the requirements of the JPAA.
4. *Implementation:* Upon the identification of the "projects" and project committees that require formation, prepare all requisite project agreements and seek member agency approval of such agreements and designation of project committee members, where appropriate. Format future Commission meeting agendas to identify and segregate actions for each active "project" and the members voting on an item (the project committee) if the project participants are less than all the member agencies. If there is

no action to be taken on a “project” or the project committee, the Commission agenda would so reflect. If, however, the full Commission or the project committee needed to consider an item and take action, the items would be considered within the Commission agenda.

We are certainly open to suggestions on this proposed process but believe strongly that it is our collective responsibility as Commissioners to take the steps necessary to ensure compliance with the requirements of the JPAA. Additionally, adhering to the JPAA framework will facilitate better governance and working relationships with SAWPA and its member agencies.

Thank you and we look forward to the discussion of this important item.

Sincerely,



Ronald W. Sullivan
SAWPA Commission Representative
Eastern Municipal Water District



Phillip A. Anthony
SAWPA Commission Representative
Orange County Water District

c: SAWPA Commissioners and Alternates
Larry McKenney, SAWPA Executive Counsel
SAWPA Member Agency General Managers

Page Intentionally Blank



May 15, 2017

Ms. Susan Longville
Commission Chair
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Subject: SAWPA Joint Powers Authority Agreement (JPAA) Workshop on May 2, 2017

Dear Chair Longville:

We were encouraged to see a workshop item placed on the agenda for the Commission's May 2, 2017 meeting to discuss Santa Ana Watershed Project Authority's (SAWPA's) operations under the Joint Powers Authority Agreement (JPAA). However, we were very disappointed with the actual workshop itself, as we believe it failed to address or acknowledge the significant issues regarding SAWPA's deviation from the requirements of the JPAA and it provided no clear path forward for resolving these issues.

In our letters of April 5, 2017 and May 1, 2017, we have consistently stated our position that SAWPA is operating out of compliance with regards to Project Agreements, Project Committees and voting provisions of the JPAA. In a meeting on March 30, 2017, attended by Celeste Cantú, Larry McKenney and representatives of Orange County Water District (OCWD) and Eastern Municipal Water District (EMWD), Mr. McKenney confirmed that SAWPA is indeed "not following the letter" of the JPAA.

In our May 1, 2017 letter and in anticipation of the May 2, 2017 workshop, we offered a four-step process in which the Commission could begin to constructively address the JPAA non-compliance issue. We were hopeful the workshop would have been structured by SAWPA's management and legal counsel as an open dialogue regarding the JPAA non-compliance issue and options for moving forward.

Instead, the May 2, 2017 workshop was not an interactive dialogue, but rather a SAWPA history presentation provided by Mr. McKenney. Equally concerning was that the background provided was often times interpretative in nature, including speculation on the thought processes and

May 15, 2017

Page 2

intentions of past Commissions regarding “unintentional non-approved changes” to the JPAA and other matters. Moreover, the information was not relevant to the questions of compliance with the JPAA and there was no opportunity for interactive discussion.

At the conclusion of the workshop, a series of questions were distributed to the Commissioners and a request was made for the General Managers to consider these questions through their own on-going facilitated process. Upon review of these questions, it appears that they are intended to lead to a discussion of changes to the JPAA and even SAWPA’s membership.

While we will work with our staff to analyze these questions, we want to make it very clear that we have no interest in changing the JPAA or the governance of SAWPA at this time. Any revisions to the JPAA will require a unanimous vote of approval and adoption by each of the SAWPA member agencies’ governing boards and, therefore, a discussion of potential changes to the JPAA is inappropriate at this time. Rather, we request that steps be immediately undertaken, similar to those outlined in our May 1, 2017 letter, to bring SAWPA’s operations back into compliance with the current JPAA.

Resolution of this issue is unavoidable and compliance with the JPAA is critically important. In this regard, we respectfully request that you and the remaining Commissioners approve a process and schedule for conforming SAWPA’s operations to the JPAA. Absent a formal Commission action in this regard, our agencies’ fiduciary responsibilities will preclude us from considering additional unbudgeted expenditures, or from taking action on the currently proposed SAWPA biennial budget.

We appreciate your leadership and look forward to further discussing and resolving this matter with you and the SAWPA Commission.

Sincerely,



Ronald W. Sullivan
SAWPA Commission Representative
Eastern Municipal Water District



Phillip L. Anthony
SAWPA Commission Representative
Orange County Water District

- c: SAWPA Commissioners and Alternates
- Celeste Cantú, SAWPA General Manager
- Larry McKenney, SAWPA Executive Counsel
- SAWPA Member Agency General Managers

COMMISSION MEMORANDUM NO. 2017.83

DATE: June 20, 2017

TO: SAWPA Commission

SUBJECT: FYE 2018 and 2019 SAWPA Budget

PREPARED BY: Karen Williams, Chief Financial Officer
Rich Haller, Executive Manager of Engineering & Operations
Mark Norton, Water Resources & Planning Manager
Larry McKenney, Executive Counsel

RECOMMENDATION

It is recommended that the Commission receive additional information and provide direction to staff relative to EMWD's deferral of SAWPA's proposed FYE 2018-2019 budget as follows:

- a. Deletion of the proposed full-time Technical Grant Writer position and substitution with appropriate budget for contracting with a qualified consultant to provide such services on an as-needed basis;
- b. Clarification of the current and projected Reach V project expenditures to completion of the project, and the total authorized and requested budget amount for the project that will not be exceeded absent further approval by the Commission; and,
- c. Clarification regarding the use of any proceeds recovered through litigation and/or pursuit of any performance bond for reducing the State Revolving Fund (SRF) loan borrowing for the project or defeasing a portion of that obligation, whichever is appropriate based on the timing of such a recovery.

DISCUSSION

Technical Grant Writer Position

SAWPA has proposed a new staff position described as "Technical/Grant Writer" position. This position was proposed in the SAWPA FYE 2018 & 2019 Year Budget to serve two separate and distinct activities. The first and primary role is to serve as a technical writer who would work on capturing and presenting data and analyses generated from Roundtables, OWOW and other efforts that can be shared with member agencies, local, state and federal agencies. The SAWPA Commission has stated that SAWPA Planning Department should increase its efforts to share the benefits of Roundtables and OWOW activities and reports to leverage action and garner more support to further the organizational mission and goals. To do this, more staff time is needed to provide this outreach.

The second role is to serve as a grant writer. This work involves the planning, preparation and implementation of grant applications that are readily available to SAWPA as a regional organization and arise largely from the non-profit and private sectors as well as from occasional non-IRWM State and Federal funding sources. On multiple occasions over the past fiscal year, SAWPA has been approached to apply for significant grant funding based on its historical leadership and effectiveness of implementation on a watershed scale. These grant opportunities are often non-competitive and will help reduce SAWPA costs and SAWPA member agencies future contributions. Staff resources are insufficient to pursue these additional grant funding opportunities as they arise at this time.

If this position was only a “grant writer” as EMWD has described, it does seem reasonable to hire a consultant on an as-needed basis. However, what SAWPA has recommended for this position is not just a grant writer but rather technical writing support on behalf of Roundtables and OWOW with grant preparation, planning and implementation support.

An analysis was conducted by the Planning and Finance Departments to determine what the projected costs would be comparing a full time “Technical/ Grant Writer” at SAWPA with a part time consultant performing just the “Grant Writer” functions on a part year basis as EMWD has suggested. (See attachment).The analysis shows that even though the staff position is working full time, it is still less expensive than a consultant grant writer working on only a part time basis at 1400 hours per year.

The consultant comparison was based on our contact with three consulting firms, several who have contracted with EMWD in the past for grant writing services, including Woodard & Currant (formerly RMC), CDM Smith and Elan & Associates. Based on the consultant feedback, a labor range for grant writer services was \$158-180/hour. For basis of comparison, the benefit rate of 0.45 would remain the same whether we hire the position or use a consultant. An average consultant hourly rate of \$164 would equate to an hourly rate without overhead to \$113/hr for 1400 hours per year compared to a staff position without overhead at \$73/hour at 2080 hours per year reflecting similar services provided to other public agencies in the watershed. The results show that despite the increased hours of the staff position per year, the hiring of a full time “Technical/Grant Writer” position is more cost effective and is still recommended.

Reach V Project Expenditures

Reach V expenditures have been the subject of three previous approved SAWPA budgets. The Commission adopted an estimated total project cost in June 2013 when it adopted Resolution 2013-07 authorizing the General Manager to submit an SRF loan application based estimated project cost of \$19 million.

Costs incurred on this project to date have all been paid from Brine Line Repair/Replacement Reserve, and total \$17.3 million. These costs include payments to Charles King Company prior to contract termination, to Weka, Inc. to correct defective work and complete the project including the Nichols Road Relocation component, Construction Management and Inspection Services (Vali-Cooper & Associates), Design and Design Services during Construction (Dudek) Public Relations (Hammons Strategies), Soils Testing (Ninyo and Moore), CIPP Lab Testing (Ramtech Labs and PSI Labs), other expenses including Value Engineering (Brown and Caldwell, URS) Risk Analysis and Condition Study (RMC), Native American cultural preservation (Pechanga Band of Mission Indians), legal and SAWPA staff time.

The proposed budget foresees project completion during the budget with expenditures from reserves of \$14.8 million, which would bring the total project cost to \$32.3 million. Some of the expenditures from reserves will be reimbursed from SRF loan proceeds, as discussed below. Other than SAWPA staff costs, all projected expenses will be subject to contracts approved by the Commission.

SAWPA is involved in litigation with the original contractor, its performance bond surety, and a subcontractor, and is seeking damages for construction and related costs in excess of the contract with Charles King Company, as discussed below.

State Revolving Fund (SRF) Loan Reduction

It has been SAWPA's practice to budget for revenues and expenditures that are known and reasonably estimated. SAWPA is currently in litigation with Charles King regarding the construction of the Reach V Repairs Project. The proposed SAWPA FYE 2018 and 2019 Budget does not include projected proceeds should we prevail in the pending case, nor does it include plaintiffs' damages if we should lose. It is unknown if SAWPA will prevail or lose on the pending litigation, how much we would win or be required to pay, and which year the case and final outcomes would occur.

If SAWPA were to prevail and the proceeds recovered were received before the construction of the project is complete, we would use the proceeds to cover construction costs for the Reach V repairs. We would then not need the full \$15 million available through the State Revolving Fund (SRF) loan.

If proceeds are received after the project is completed and SRF loan funds have been used, staff would request the State defease a portion of the obligation in the amount of the proceeds received.

RESOURCE IMPACTS

Technical Grant Writer Position

Without the support of the technical grant writer as a staff position, the Planning Dept will not be able to meet the Roundtable and OWOW critical success factors as defined under the SAWPA Strategic Assessment stated below:

Report and use results of roundtable's work, leverage information and involvement for the benefit of SAWPA, its members, and other stakeholders.

Adequate professional staff and resources to effectively provide facilitation, management, administrative and technical support to collaborative work efforts.

Using an outside consultant for just supplemental grant application needs only meets part of the use and request for the position, is less cost effective and will not fully achieve the Roundtable and OWOW purpose and goals.

Reach V Project Expenditures

Costs are being funded from an SRF loan and reserves. There are no member agency contributions in the project. To date, \$17.3 million has been expended from reserves on the entire project. Of that, \$4 million has been reimbursed from the SRF loan, and much of the cost already expended is eligible for SRF loan reimbursement. The current balance of the pipeline reserve is \$13.7 million.

State Revolving Fund (SRF) Loan

Depending on the outcome of pending litigation, SAWPA could reduce the Reach V SRF Loan amount by the proceeds received. This could result in thousands of dollars in interest savings over the period of the loan.

Attachments:

1. EMWD June 7, 2017 Staff Report
2. Technical/Grant Writer Position Salary and Benefits Projection and Comparison
3. Reach V Project – Budget History

**ACTION**

Board of Directors
June 7, 2017

SUBJECT:

Santa Ana Watershed Project Authority (SAWPA) Budget for Fiscal Years 2018 and 2019

BACKGROUND:

The Santa Ana Watershed Project Authority (SAWPA) is a joint powers authority comprised of five member agencies including Western Municipal Water District (WMWD), San Bernardino Valley Municipal Water District (SBVMWD), Orange County Water District (OCWD), Inland Empire Utilities Agency (IEUA), and Eastern Municipal Water District (EMWD) (collectively the Member Agencies). Every two years, SAWPA develops a biennial budget for its ongoing operations and capital program.

At the May 16, 2017, SAWPA Commission meeting, by majority vote of its Commission, SAWPA adopted its proposed Fiscal Years 2018 and 2019 general budget (FY18/19 budget) and directed that the FY 18/19 budget be sent out to the Member Agencies for approval in accordance with the SAWPA Joint Exercise of Powers Agreement (JPA agreement). The JPA requires that final approval of each general budget, as adopted by the SAWPA Commission, be approved by each and every one of its Member Agencies before it can be deemed effective. Section 25 of the JPA addresses the budget approval process, as follows:

25. Approval of General Budget. Each general budget adopted by the Commission must be approved and shall be deemed effective upon the receipt by the Agency [SAWPA] of certified copies of approving resolutions or minute orders by the governing bodies of each of the members of the Agency. Until such time as said formal approval has been received from each and every member of the Agency, said budget shall constitute merely a proposed budget, subject to consideration or revisions."

As noted in Section 25, Member Agency approval is provided in the form of a resolution adopted by its governing board. Attached as Exhibit A is a draft resolution for the Board's consideration and approval of the SAWPA FY18/19 budget, if so desired.

In the event that SAWPA's proposed general budget does not receive all Member Agencies' approvals, the proposed budget is to be returned to the Commission for restudy and revision. Until such time the budget is approved by all Member Agencies, SAWPA will continue to operate within expenditures as authorized in its last approved general budget, as stated in JPA agreement Section 28:

28. Failure to Approve General Budget. If any member fails or refuses to approve any general budget of the Agency [SAWPA], said budget shall be returned to the Commission

for restudy and revision. In the event a budget acceptable to all of the members is not obtained prior to the start of the fiscal year, the Agency may continue to operate at the level of expenditure authorized by the last approved general budget and the member shall be obligated to fund such operations.”

SAWPA Budget

As a Member Agency, EMWD has worked closely with SAWPA and its other Member Agencies in the review and development of SAWPA’s proposed FY18/19 budget. Generally, EMWD is supportive of the budget as proposed, with the exception of the following two specific items:

1. Addition of a Technical Grant Writer position
2. Clarification regarding the proposed capital budget for the Brine Line Reach V Repair project

Technical Grant Writer Position. Throughout the budget deliberations, EMWD has continued to express reservations and concerns with SAWPA’s proposed addition of a Technical Grant Writer position. Rather than employing an additional full-time position with all the added required benefits and associated general overhead costs, EMWD has continued to promote an alternative option of contracting with an outside consultant as needed for any required technical grant writing services. Technical grant writing is a service that is offered by many qualified consultants and which EMWD has availed itself of on many occasions with great success. We believe budgeting and contracting for these services as needed by SAWPA will in the long-run provide more flexibility to accommodate varying workloads and will ultimately be a more cost effective alternative than hiring a new full-time position with fully burdened benefits.

Brine Line Reach V Repair Project. Over the last year, EMWD has expressed significant concern with regards to the cost and execution of the Brine Line Reach V Repair (Reach-V) project. Since award of the initial construction contract in late 2014, subsequent construction litigation, contract termination, and re-award of the construction contract has resulted in more than doubling the estimated cost of the project. The most recent projection of total project costs to complete the Reach-V project, as presented by SAWPA staff to its Commission on March 21, 2017, is currently estimated at \$31,359,074.

Due to what was considered to be an excessively high cost for the project, as well as the appropriateness of the pipeline repair method, EMWD opposed the sole source re-award of the Reach-V project to the current contractor, Weka. However, given the current status of the ongoing construction contract and the semi-complete condition of the brine pipeline, including a currently active flow bypass system, staff believes it is now prudent and less financially risky to complete the project for the scope and cost as entered into under the current contract.

SAWPA has expressed a high level of confidence that they will prevail in the ongoing contract litigation and believes it will ultimately be reimbursed for all costs in excess of the original

contract award. However, regardless of the outcome of the litigation and potential cost reimbursement, it is vital that SAWPA and each of its Member Agencies understand their financial obligations associated with the project.

SAWPA's budget, as presented, lacks clarity regarding the ultimate estimated total cost of the Reach-V project, as well as any accounting of prior year expenditures or previously approved project budgets and/or appropriations. Without a full accounting and identification of prior year appropriations and expenditures it is not possible to know the ultimate project cost obligations of SAWPA and whether or not any contracts executed for the implementation of the project are adequately supported with approved budgets.

As shown in the table below, prior year capital budgets in addition to the currently proposed FY18/19 budgets for the Reach-V project total \$35,008,634. This would appear to provide a budget in excess of the anticipated total project cost by approximately \$3.6 million. Without a budget carry-over component and/or clear accounting of project expenditures, it is not known if this budget excess truly exists or if the proposed FY18/19 budget is sufficient to complete the project as currently forecasted.

EMWD also seeks clarity that recovery, if any, from the pending litigation and/or pursuit of any performance bond, would be utilized to either reduce the State Revolving Fund (SRF) loan borrowing or defease a portion of that obligation, whichever is appropriate based upon the timing of such a recovery.

SAWPA Capital Budget Reach V Repairs (Fund 326)	
FY 2014	1,813,286
FY 2015	4,947,771
FY 2016	13,415,393
FY 2017	85,124
Sum of Prior Year Budgets	\$20,261,574
FY 2018	14,482,048
FY 2019	265,012
Sum of Prior Year plus Proposed Budgets	\$35,008,634
SAWPA Estimated Project Cost ⁽¹⁾	\$31,359,074
Difference Between Budgets and Est. Project Cost	\$3,649,560

(1) Projected total project cost at completion as presented by staff at the March 21, 2017 SAWPA Commission meeting.

With the Board's concurrence, staff recommends conveying our request that the proposed SAWPA FY18/19 budget be amended to include retaining consultant resources rather than authorizing and filling the Technical Grant Writer position. Staff also recommends requesting that clarifications be incorporated into the budget document regarding the Reach V project including:

1. Current and projected Reach V project expenditures to completion;
2. The total authorized budget amount for the project including the cumulative total of previously authorized and currently requested budget authorizations; and
3. The use of any proceeds recovered from litigation and/or any performance bond to reduce the State Revolving Fund (SRF) loan borrowing or defease a portion of that obligation.

Compliance with the SAWPA JPA agreement

A much greater concern associated with the approval and adoption of SAWPA's proposed budget is the fact that SAWPA is not operating in compliance with the terms of JPA agreement regarding Project Agreements, Project Committees, and provisions for voting and approvals on projects and other matters that would result in financial obligations on the part of Member Agencies. This has been a long-standing issue that EMWD and Orange County Water District (OCWD) have attempted to address on numerous occasions with SAWPA at its Commission and other meetings, as well as in many formal written communications, including the most recently attached letter to SAWPA dated May 15, 2017, jointly prepared by EMWD and OCWD (Exhibit B).

In this most recent letter to SAWPA, EMWD and OCWD made clear that absent the SAWPA Commission's acknowledgement of the concerns associated with compliance with the JPA agreement and agreement to establish a process and schedule to resolve these concerns, the fiduciary responsibilities of our respective agencies would preclude us from taking action on the FY 18/19 budget. Although some progress has been made on this item, EMWD's and OCWD's concerns have not yet been fully addressed.

For these reasons, staff recommends that SAWPA's biennial FY18/19 budget not be approved by the EMWD Board at this time and be returned to SAWPA for resolution of the items described herein.

FINANCIAL IMPACT:

The SAWPA Member Agency Contribution in the amount of \$290,000 and \$295,000 is included within the District's Proposed Fiscal Year 2017-18 and Fiscal Year 2018-19 Budget, respectively.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Ensure financial stability and demonstrate responsible stewardship of public funds.

ENVIRONMENTAL IMPACT:

None

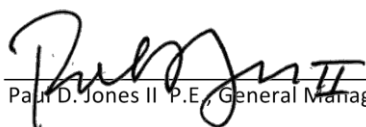
RECOMMENDATION:

Staff recommends the following:

1. Defer adopting a resolution of approval of SAWPA's proposed FY 2018 and 2019 biennial budget and return it to SAWPA for revision, as follows:
 - a. Deletion of the proposed full-time Technical Grant Writer position and substitution with appropriate budget for contracting with a qualified consultant to provide such services on an as needed basis;
 - b. Clarification of the current and projected Reach V project expenditures to completion of the project, and the total authorized and requested budget amount for the project that will not be exceeded absent further approval by the Commission; and
 - c. Clarification regarding the use of any proceeds recovered through litigation and/or pursuit of any performance bond for reducing the State Revolving Fund (SRF) loan borrowing for the project or defeasing a portion of that obligation, whichever is appropriate based upon the timing of such a recovery.

2. Prior to taking action on the proposed SAWPA biennial budget, secure from the SAWPA Commission an acknowledgement of the concerns raised by EMWD and OCWD regarding compliance with the JPA agreement and agreement to establish a process and schedule to collaboratively resolve these concerns in a timely manner.

SUBMITTED BY:


Paul D. Jones II, P.E., General Manager

6/2/2017


Nick Kanetis, Deputy General Manager

5/31/2017

Attachment(s):

Exhibit A - Resolution

Exhibit B - EMWD and OCWD SAWPA JPAA Letter

06/7/17 Board of Directors
Page 6

06/07/17 Board Meeting

Staff Contact: Nick Kanetis

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EASTERN MUNICIPAL WATER DISTRICT APPROVING THE BUDGET OF THE SANTA ANA WATERSHED PROJECT AUTHORITY FOR THE FISCAL YEARS ENDING 2018 AND 2019

WHEREAS, the Santa Ana Watershed Project Authority (SAWPA or Agency) was formed in 1975 pursuant to that certain Joint Exercise of Powers Agreement Creating Santa Ana Watershed Project Authority, as amended in 1984, 1991, 1997, 2002, and 2007 (herein collectively referred to as the 1975 JPA);

WHEREAS, the 1975 JPA designates Eastern Municipal Water District as a member of the Agency (Member Agency);

WHEREAS, the 1975 JPA requires approval of the SAWPA Budget by each Member Agency to the extent that such budget may impose any liability on said Member Agency; and

WHEREAS, the 1975 JPA requires approval of such budget be evidenced by a certified copy of an approving resolution.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Eastern Municipal Water District.

Section 1. The Board of Directors of Eastern Municipal Water District hereby approves the SAWPA Budget for Fiscal Years Ending 2018 and 2019.

Section 2. The Board Secretary is hereby directed to provide SAWPA with a certified copy of the fully executed Resolution No. _____.

Section 3. Payment to SAWPA of Eastern Municipal Water District’s Member Agency contribution as set forth in Exhibit “A” attached hereto and made a part hereof is hereby authorized.

ADOPTED this ____ day of _____, 2017.

EASTERN MUNICIPAL WATER DISTRICT

By: _____
David J. Slawson, President

By: _____
Sheila Zelaya, Board Secretary

Attachment: Exhibit A - Resolution (2834 : SAWPA Budget FYE 2018 and 2019)



May 15, 2017

Ms. Susan Longville
 Commission Chair
 Santa Ana Watershed Project Authority
 11615 Sterling Avenue
 Riverside, CA 92503

Subject: SAWPA Joint Powers Authority Agreement (JPAA) Workshop on May 2, 2017

Dear Chair Lien-Longville:

We were encouraged to see a workshop item placed on the agenda for the Commission's May 2, 2017 meeting to discuss Santa Ana Watershed Project Authority's (SAWPA's) operations under the Joint Powers Authority Agreement (JPAA). However, we were very disappointed with the actual workshop itself, as we believe it failed to address or acknowledge the significant issues regarding SAWPA's deviation from the requirements of the JPAA and it provided no clear path forward for resolving these issues.

In our letters of April 5, 2017 and May 1, 2017, we have consistently stated our position that SAWPA is operating out of compliance with regards to Project Agreements, Project Committees and voting provisions of the JPAA. In a meeting on March 30, 2017, attended by Celeste Cantú, Larry McKenney and representatives of Orange County Water District (OCWD) and Eastern Municipal Water District (EMWD), Mr. McKenney confirmed that SAWPA is indeed "not following the letter" of the JPAA.

In our May 1, 2017 letter and in anticipation of the May 2, 2017 workshop, we offered a four-step process in which the Commission could begin to constructively address the JPAA non-compliance issue. We were hopeful the workshop would have been structured by SAWPA's management and legal counsel as an open dialogue regarding the JPAA non-compliance issue and options for moving forward.

Instead, the May 2, 2017 workshop was not an interactive dialogue, but rather a SAWPA history presentation provided by Mr. McKenney. Equally concerning was that the background provided was often times interpretative in nature, including speculation on the thought processes and

Santa Ana Watershed Project Authority Joint Powers Authority Agreement

May 15, 2017

Page 2

intentions of past Commissions regarding “unintentional non-approved changes” to the JPAA and other matters. Moreover, the information was not relevant to the questions of compliance with the JPAA and there was no opportunity for interactive discussion.

At the conclusion of the workshop, a series of questions were distributed to the Commissioners and a request was made for the General Managers to consider these questions through their own on-going facilitated process. Upon review of these questions, it appears that they are intended to lead to a discussion of changes to the JPAA and even SAWPA’s membership.

We will work with our staff to analyze these questions. Any revisions to the JPAA or the governance of SAWPA will require a unanimous vote of the Commission and adoption by each of the SAWPA member agencies’ governing boards. Coming to a consensus on revisions to the JPAA is a potentially lengthy process with an uncertain outcome. At the present time, we believe it is appropriate and request that steps be immediately undertaken, similar to those outlined in our May 1, 2017 letter, to bring SAWPA’s operations back into compliance with the current JPAA.

Resolution of this issue is unavoidable and compliance with the JPAA is critically important. In this regard, we respectfully request that you and the remaining Commissioners approve a process and schedule for conforming SAWPA’s operations to the JPAA. Absent a formal Commission action in this regard, our agencies’ fiduciary responsibilities will preclude us from considering additional unbudgeted expenditures, or from taking action on the currently proposed SAWPA biennial budget.

We appreciate your leadership and look forward to further discussing and resolving this matter with you and the SAWPA Commission.

Sincerely,



Ronald W. Sullivan
SAWPA Commission Representative
Eastern Municipal Water District



Phillip L. Anthony
SAWPA Commission Representative
Orange County Water District

- c: SAWPA Commissioners and Alternates
Celeste Cantú, SAWPA General Manager
Larry McKenney, SAWPA Executive Counsel
SAWPA Member Agency General Managers

Page Intentionally Blank

Technical/Grant Writer Salary and Benefits Projection

Position	Labor Hou	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
SAWPA staff Technical/Grant Writer	2080	\$ 152,411	\$ 163,526	\$ 173,341	\$ 183,741	\$ 194,765
Consultant Technical/ Grant Writer	1400	\$ 158,344	\$ 169,892	\$ 180,086	\$ 190,891	\$ 202,344

Assumptions:

Staff position salary of \$110,323 is based on public agency position comparison

Consultant hourly rate based on average of three area consulting firms offering grant support services, \$164/hr

Full time staff = 2080 hours/fiscal year

Benefit rate is assumed the same for consultant and SAWPA staff, 0.45

COLA and merit increase is based on 6% increase per year starting in FYE 2020 for both consultant and staff

Reach V Capital Repairs

FYE	Budget	Actual (Est)
2013	\$0	\$211,774
2014	1,813,286	466,100
2015	8,768,003	3,443,385
2016	13,415,393	6,451,141
2017	85,124	6,933,517
2018	14,487,574	14,487,574
2019	269,167	267,167
Total		\$32,262,658

Budget	Actual (Est)
FYE 2014 & 2015	
10,581,289	3,909,485
FYE 2016 & 2017	
13,500,517	13,324,575
FYE 2018 & 2019	
14,756,741	14,756,741

COMMISSION MEMORANDUM NO. 2017.87

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Appointment of Interim General Manager
PREPARED BY: Celeste Cantú, General Manager

RECOMMENDATION

It is recommended:

1. That the Commission appoint Richard Haller, P.E., Executive Manager of Engineering & Operations as Interim General Manager effective July 1, 2017, until the Commission appoints a General Manager;
2. That the appointment as Interim General Manager include all the power, authority, and responsibility of the General Manager;
3. That Mr. Haller will at the same time retain his position and duties as Executive Manager of Engineering & Operations while serving as Interim General Manager;
4. That during his appointment as Interim General Manager, Mr. Haller's salary will be 110% of his salary as Executive Manager of Engineering & Operations.

DISCUSSION

During my time as the Santa Ana Watershed Project Authority General Manager, I have routinely appointed Rich Haller to serve as General Manager in my absence. Rich Haller possesses a high degree of organization and management acumen; coupled with his understanding of SAWPA's mission, responsibilities and policies, he has successfully assumed the General Manager's responsibilities and is abundantly qualified to serve in this capacity. Rich has all necessary signing authority on behalf of the agency.

The SAWPA Employee Handbook provides that:

“Full-time employees assigned to work in a higher classification on a temporary basis (maximum 90 days) shall be compensated in the higher classification as determined by the General Manager. The assigned employee will assume all the duties and responsibilities of the higher classification.”

While the General Manager position is unique and not a regular classification, the recommendation regarding compensation is in keeping with the intent of the Handbook and would be appropriate.

RESOURCE IMPACTS

The recommended compensation level would be an increased salary payment of \$751 per pay period, and would have small effects on related SAWPA costs. These costs will be more than offset by other salary savings due to the vacancy.

Attachments: None.

Page Intentionally Blank

COMMISSION MEMORANDUM NO. 2017.84

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Update on the Forest First Program
PREPARED BY: Ian Achimore, Senior Watershed Manager

RECOMMENDATION

It is recommended that the Commission receive and file this staff report.

DISCUSSION

Since execution of the Forest First Memorandum of Understanding (MOU) SAWPA and the Cleveland and San Bernardino National Forests in February, 2017, SAWPA has created a Forest First educational document and distributed it to the Association of California Water Agencies (ACWA) and the National Water Resources Association (NWRA), proposed an implementation project with Califia Farms and the San Bernardino Forest Service, and reviewed new draft utility agreements for a possible partnership between the Forest Service and Blue Forest Conservation.

The educational document describing the benefits of the Forest First Program was developed after the MOU was adopted by the Commission in order to provide a summary to potential partners. Per Commissioner Ronald Sullivan's request, it was provided to ACWA and NWRA and may be of use for ACWA's effort with the California Forest Watershed Alliance. The Alliance is a partnership between urban-rural coalition representing water interests, local governments, the conservation community, agriculture, and the forestry sector, interested in promoting the restoration and improvement of California's forested watersheds.

Staff facilitated a discussion with Califia Farms to work with the San Bernardino National Forest to identify approximately 1,200 acres in the upper watershed to reduce the threat from wildfire and improve fuel breaks. The 1,200 acre area is part of the Santa Ana Fuel Break Hazardous Fuels Reduction Units 1 & 2 San Bernardino National Forest Project. By utilizing the economic analysis funded by Forest First Program in 2012, *Potential Economic Benefits to Santa Ana River Watershed of Forest Restoration* (Barbara Wyse, Cardno Entrix), staff estimated that by maintaining those acres, 3,168 cubic yards of sediment or more could be prevented from inundating downstream portions of the watershed in the event of catastrophic wildfire, providing a direct benefit to water agencies. The 1,200 acre area is classified as Wildland-Urban-Interface for the surrounding communities of Skyforest, Running Springs, Arrowbear, Angelus Oaks, Highland and Mentone. Califia Farms is currently reviewing the proposal. The proposal provides value to SAWPA because water quality would be improved downstream of the forest, thus providing a benefit to the wholesale water agencies who are members to the SAWPA Joint Powers Agreement, as well as flood control agencies.

A draft Blue Forest Conservation utility agreement staff reviewed would create a public-private partnership where the downstream utilities would fund priority projects in the headwaters that provide a direct downstream benefit. Blue Forest Conservation is an organization that securitizes benefits from forest implementation projects to create financial products for private investors with the overall goal to provide new funding opportunities (from the sale of these financial products) for these projects. SAWPA

is involved because Blue Forest Conservation's approach can create a numeric measurement for identifying downstream benefits from upstream projects, which is useful for getting downstream agencies involved in forest implementation projects, and because it brings another funding source to much needed projects in the Santa Ana River Watershed. Staff has reviewed the utility contract that a downstream utility would execute with Blue Forest Conservation, and is working with both the Cleveland and San Bernardino National Forest to identify acres within the Forest Service boundary that could serve as the basis for the public-private partnership. In the arrangement, Blue Forest would provide the upfront private capital needed for the project, the National Forest would provide a percentage of the capital needed to complete the project as well as acquire contractors to implement the project, and the downstream entity would provide the remaining capital needed to fund the project. To provide the capital, which would serve as a return for Blue Forest Conservation's investors, the downstream entity would pay both 1) a fixed rate which is to be paid quarterly as the project is implemented, and 2) a volumetric rate which is to be paid as downstream benefits such as water quality or water supply are realized. The fixed and volumetric rates can be paid over a long term timeframe such as ten years. Blue Forest Conservation has stated that their investors expect a return of 2 percent to 9 percent. Staff is scheduling a follow-up meeting with Blue Forest Conservation and the National Forests for later this summer to discuss the utility contract, their high priority projects that have a nexus to downstream entities, and the type of agreement that would be executed between the forests and Blue Forest Conservation.

CRITICAL SUCCESS FACTORS

- SAWPA has a strong reputation as a watershed-wide, knowledgeable, neutral and trusted facilitator, leader, and administrator of contracted activities.
- Report and use results of roundtable's work, leverage information and involvement for the benefit of SAWPA, its members, and other stakeholders.

RESOURCE IMPACTS

Funding necessary to complete the three efforts described in this Commission Memorandum are provided by the Basin Planning General Fund, shown in the SAWPA budget as 370-01BASIN.

Attachments:

- Educational Document Describing Benefits of the Forest First Program
- Santa Ana Fuel Break Hazardous Fuels Reduction Units 1 & 2 Project Partnership between San Bernardino National Forest and Califia Farms
- Materials on the Potential Blue Forest Conservation Partnership

FOREST FIRST



Forest First is a collaborative partnership between the San Bernardino National Forest, Cleveland National Forest and downstream stakeholders that focuses on developing methods to ensure the resiliency of the forests and headwaters within the Santa Ana River Watershed.

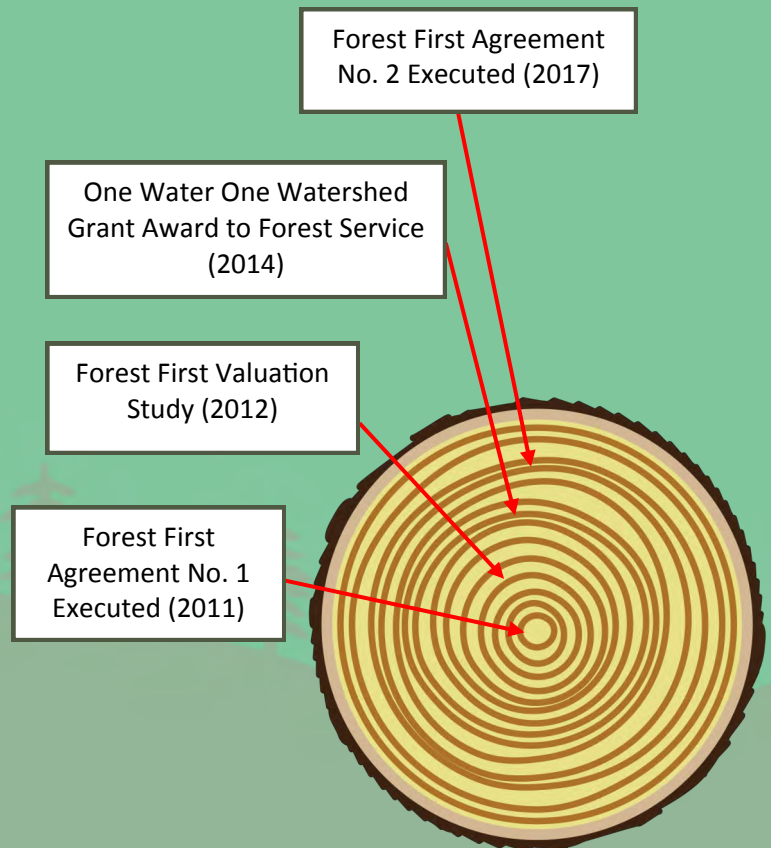
The Santa Ana Watershed Project Authority (SAWPA) has executed two agreements with the San Bernardino and Cleveland National Forests to proactively improve the health of the Santa Ana River Watershed.

BENEFITS OF FOREST PARTNERSHIP

- Brings water agencies and other stakeholders to the table with forest managers.
- Facilitates projects that assist water agencies, benefit the environment, and aid flood control agencies in meeting their mission.
- Allows the National Forests to apply for grant funding to implement projects with a water nexus.

FOREST FIRST TIMELINE

Forest First began when SAWPA and the two upstream National Forests executed an agreement in 2011. Since then the parties have gone on to accomplish several projects and joint planning efforts described in this document.



A Focus on the Headwaters of the Santa Ana River Watershed



If you are a water resource agency that relies on local precipitation, a non-governmental organizations, or any other entity interested in water and forest land management issues please join our effort by:



- Contacting the SAWPA Forest First Project Manager Ian Achimore at iachimore@sawpa.org;
- Proposing project ideas to the Forest First team such as meadow restoration, stream crossing restoration, etc.;
- Propose funding sources to assist in the implementation of project ideas.

As home to the headwaters of the Santa Ana River, the San Bernardino and Cleveland National Forests encompass approximately 30% of the watershed's land mass.

It's estimated that these forest areas also receive approximately 90% of annual precipitation due to greater amounts falling at higher elevations.

Runoff on that land directly affects the amount and quality of water downstream.



MAJOR ACCOMPLISHMENTS OF FOREST FIRST

- Release of the Valuation of Benefits of Forest Management Practices in the Santa Ana Watershed (2012) which quantified economic benefits from forest management actions;
- San Bernardino National Forest's success in acquiring a \$1M One Water One Watershed grant (2014) and leveraging \$4.5M in federal funds to implement the Forest First Project, which includes stream-road crossing improvements and fuels management;
- Acquiring the assistance of U.C. Irvine professor Dr. Michael Goulden to evaluate the water supply benefit of forest fuels treatment in Bluff Mesa on the San Bernardino National Forest (2014).



New Partnership Efforts for Forest First

NEW PROGRAM AND PROJECTS

As SAWPA executed its 2017 agreement with the Cleveland and San Bernardino National Forests, several projects were identified that downstream parties could partner on. These include:

- Riparian invasive plant removal including wild grape (projects planned for the Cleveland National Forest);
- North and South Main Divide fuelbreak maintenance (currently implemented on the Cleveland National Forest);
- Water quality monitoring on water bodies listed by the Regional Water Quality Control Board for impairments (projects ongoing on the San Bernardino National Forest);
- Partnership studies and removal programs for the Shot Hole Borer invasive beetle (studies ongoing; removal programs to be determined);
- Public-private funded forest management projects with downstream utilities funding forest management after downstream benefits are realized through monitoring.



FOREST FIRST



A headwaters partnership between SAWPA and the Cleveland and San Bernardino National Forests.
Santa Ana Watershed Project Authority
11615 Sterling Avenue, Riverside, CA 92503-4979





Implementation Project Partnership on the San Bernardino National Forest

FOREST
FIRST

Forest First is a collaborative partnership between the San Bernardino National Forest, Cleveland National Forest and downstream stakeholders including the Santa Ana Watershed Project Authority (SAWPA) that focuses on developing methods to ensure the resiliency of the forests and headwaters within the Santa Ana River Watershed. In the interest of downstream watershed health, SAWPA is working to bring further partnerships to the forest.

munities below from wildfire and landslide/flooding resulting from wildfires. The project is in an area classified as Wildland-Urban-Interface (WUI) for the surrounding communities of Skyforest, Running Springs, Arrowbear, Angelus Oaks, Highland and Mentone. Both units contained a majority of chaparral and shrub vegetation.

PARTNERSHIP POTENTIAL WITH THE SAN BERNARDINO NATIONAL FOREST



The San Bernardino National Forest is acquiring resources for implementation of the Santa Ana Fuel Break Hazardous Fuels Reduction Units 1 & 2 Project (Project).

Funding from outside sources would benefit the natural communities and downstream residents by preventing against catastrophic wildfire and protection against potential water quality degradation.

The Project is located in the San Bernardino National Forest along Forest System Road 1N09. The project proposes to reestablish the structural integrity of the Santa Ana Fuelbreak, to reduce the threat to the communities above from wildfire and the com



PROJECT STATS

- UNIT 1 AREA (419 treatable acres)
- UNIT 2 AREA (785 treatable acres)

COSTS FOR TREATMENT

The cost per acreage varies depending on if work is preformed by hand or mechanical equipment (\$1,300 to \$2,000). With an average cost of \$1,650 per acre, total cost for the project is estimated to be approximately \$2 million.

A Focus on the Headwaters of the Santa Ana River Watershed

PROJECT BENEFITS

A major benefit is the improvement in water quality in local streams and tributaries. It is estimated that a treatment of the Project's 1,204 acres, would equate to a prevention 317 to 3,168 cubic yards of sediment inundating downstream portions of the watershed in the event of catastrophic wildfire.

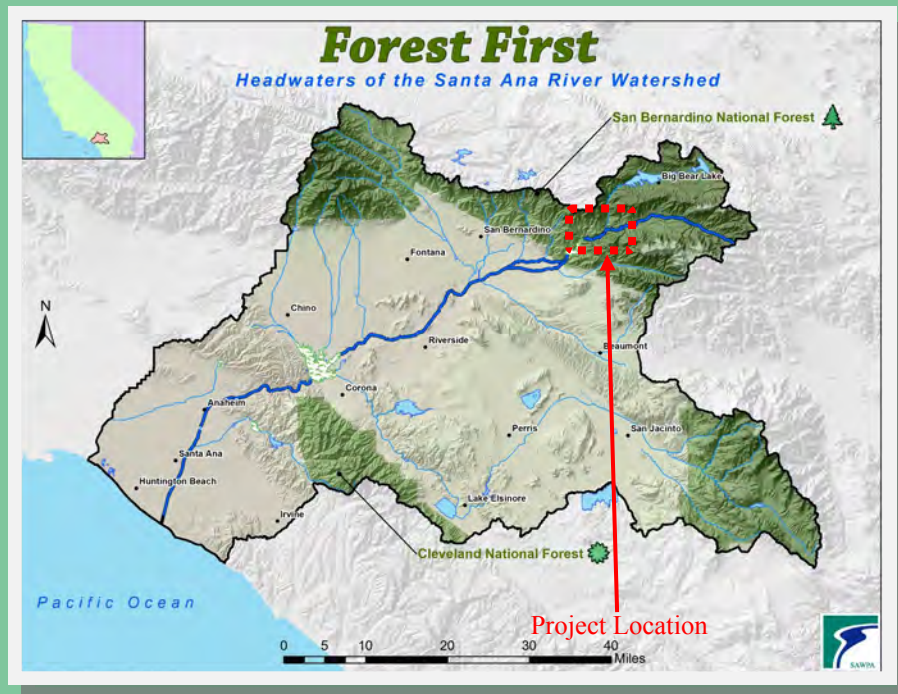
Fire Level	Thinned Risk Reduction	Sediment Loads (cubic yards)
Magnitude II	30 – 60 %	317 – 3,168
Magnitude III	30 – 60 %	3,168+

Data Source: Potential Economic Benefits to Santa Ana River Watershed of Forest Restoration (Barbara Wyse, Cardno Entrix), 2012. To estimate the change in the frequency of fires of each magnitude, a range of 30 to 60 percent is used for forest fire reduction after a thinning event. This range is based on information from the Forest Service Fire Laboratory.

MORE INFORMATION

SANTA ANA RIVER WATERSHED:
As home to the headwaters of the Santa Ana River, the San Bernardino and Cleveland National Forests encompass approximately 30% of the watershed's land mass.

CONTACT:
To partner on this project, please contact the SAWPA Forest First Project Manager Ian Achimore at iachimore@sawpa.org.



FOREST FIRST



A headwaters partnership between SAWPA and the Cleveland and San Bernardino National Forests.
Santa Ana Watershed Project Authority
11615 Sterling Avenue, Riverside, CA 92503-4979





The Forest Resilience Bond deploys private capital to mitigate wildfire risk and enhance water security by restoring forest health. The Forest Resilience Bond creates value for a diverse set of stakeholders while addressing critical challenges in the Western U.S. by contracting with public and private beneficiaries to monetize the multifaceted benefits of forest restoration.

Crisis: Overgrown Forests

Some forests in the US contain up to 10x as many trees as nature intended¹, contributing to both wildfire and water challenges.

The USFS itself has called its land “overgrown and unhealthy” and calls for action to “return forests to the way they were historically” yet lacks the funds to do so despite the proven economic, environmental and social benefits of restoration that far outweigh its costs.

Severe Wildfire

- 9 of the 10 worst wildfire seasons on record have occurred since 2000, with 2015 the worst ever²
- Fire suppression costs growing from 17% to over 50% of US Forest Service (USFS) budget in just 20 years³

Water Security

- Drought or “abnormally dry conditions” affecting all 11 Western states⁴
- CA hydro generation “substantially below average” during drought, adding \$2.0B of economic costs⁵

An Integrated Solution – The Forest Resilience Bond (FRB)

Forest restoration is proven to address both wildfire and water security challenges. However, **budget and resource limitations** restrict the ability of USFS to accelerate treatments in areas of need.

The FRB utilizes **private capital** to fund the upfront costs of forest restoration while contracting with **multiple beneficiaries** – USFS, water and electric utilities, private water-dependent companies (where applicable), state governments, and potentially insurance companies – to repay investors over time based on benefits received. The FRB is a standalone financial vehicle meaning that **USFS is not required to raise private finance or issue securities**.

Advantages of the Forest Resilience Bond

1. Provision of upfront capital decreases risk and aligns incentives for beneficiaries by allowing them to repay on an ex-post basis once benefits have accrued
2. Splitting of costs among beneficiaries creates compelling economics for beneficiaries and investors while accelerating much-needed restoration work
3. Use of third party implementation partners alleviates USFS contracting and human capital constraints;
4. Acceleration of restoration work minimizes future costs and liability to stakeholders while cost-effectively addressing wildfire and water security challenges

Primary Beneficiaries

US Forest Service



Decreased wildfire severity, protection of wildlife habitat, recreation areas, and ecosystems

Utilities & Water-Dependent Companies



Protected water quality, increased water quantity and hydropower (in some cases), protected infrastructure

State Governments



Job creation, public safety, clean air

BENEFITS

CASH FLOWS

Annual contracted cash flows as a % of restoration costs

Annual contracted cash flows as a % of restoration costs and/or pay-for-success cash flows for increased water quantity (when applicable)

Annual contracted cash flows

1. [E&E News](#); 7/8/2015.

2. [National Interagency Fire Center](#), Total Wildland Fires and Acres, 1960-2015.

3. [“The Rising Cost of Fire Operations”](#), 8/2014.

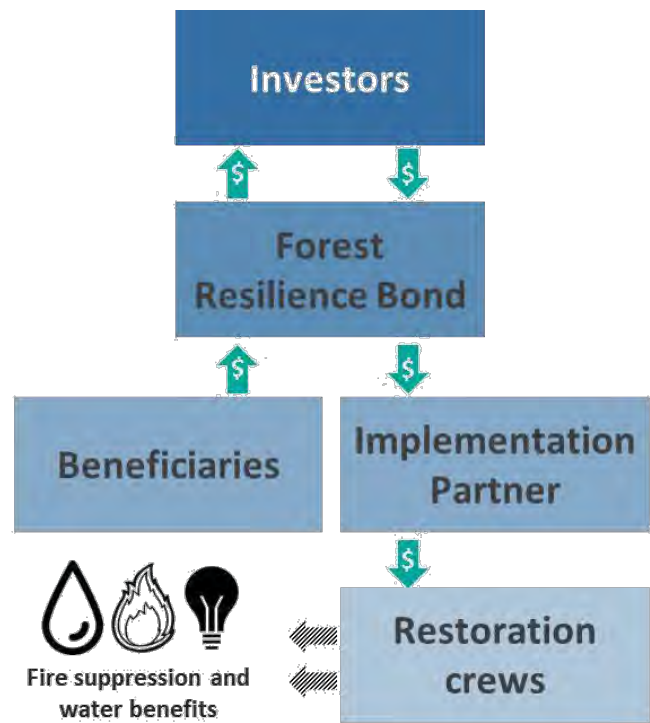
4. [“United States Drought Monitor”](#), 6/2016.

5. [Impacts of California’s Drought: Hydroelectricity Generation 2015 Update](#).

Mechanics of the Forest Resilience Bond

The FRB accelerates restoration treatments while creating value for beneficiaries through cost sharing and the use of private capital to fund the upfront costs of forest restoration. Funds will flow as follows:

1. Investors provide capital to the FRB investment vehicle to cover 100% of restoration costs;
2. Capital flows to the implementation partner (such as National Forest Foundation or state firefighting agencies) who manages restoration implementation;
3. Once work is completed, beneficiaries make annual contacted repayments to the FRB investment vehicle as benefits are realized over ~10 years;
4. Beneficiary payments pass through FRB investment vehicle to investors. These cash flows provide return of investor principal plus interest;
5. FRB can be reapplied using same/similar contacts for additional treatments when needed.



Social, Environmental, and Economic Impacts of the Forest Resilience Bond

↓ Wildfires	↑ Water Resources	↑ Hydroelectricity	↑ Employment
<ul style="list-style-type: none"> • Reduced CO2 emissions • Protected habitats, lives, homes, and recreation • Taxpayer savings 	<ul style="list-style-type: none"> • Protected water quality • Increased water yield (in some cases) • Ratepayer savings 	<ul style="list-style-type: none"> • Reduced CO2 emissions • Enhanced water storage capacity • Ratepayer savings 	<ul style="list-style-type: none"> • Safe, sustainable forest restoration jobs • Potential to spur investment in biomass

Recent Progress & Next Steps

1H 2017	2H 2017	1H 2018	2H 2018
Select pilot locations			
Expand coalition of stakeholders			
Develop and implement water quantity measurement platform			
Prepare and sign contracts with beneficiaries			
	Contract with implementation partners		
	Conduct due diligence for biomass handling		
	Engage communities surrounding pilot locations		
	Raise capital for pilot transactions		
	Begin permit process for future deals		
	Implement pilot(s) and scale		

Forest Resilience Bond Partners



From Crisis to Opportunity

USFS has identified **58 million acres of restoration backlog**, a number that will only grow if the current trend of fire borrowing continues. The FRB transforms this funding crisis into an investment opportunity by leveraging **private capital** and **aligning incentives** of beneficiaries to repay investors over time. Blue Forest Conservation, World Resources Institute, and Encourage Capital are dedicated to bringing the FRB to market. Our unique approach generates a sustainable pipeline of environmental investments to **accelerate forest restoration** when and where it is needed most.

Visit www.blueforestconservation.com and email FRB@blueforestconservation.com to learn more.

Hydrology FAQs

How can forest restoration affect water quality and quantity?

Improved vegetation management through forest restoration can reduce the risk of high-severity fire while concurrently providing water supply benefits. Decades of research indicates that reducing vegetation density at targeted locations can not only reduce fire risk and thus protect infrastructure and water quality, but can also delay snow melt and increase the quantity of water to downstream users. Increased water yield occurs as a result of (1) reducing canopy losses of plant transpiration and (2) creating openings in the forest that promote snowpack accumulation and persistence.

When and how would utilities pay for benefits realized?

There is no upfront capital required from utilities or any other beneficiary. Given that treatments that may augment water supply have never before been implemented at a landscape scale in the Sierra Nevada, skepticism as to their potential impact is warranted. Fortunately, the Forest Resilience Bond allows other private parties, such as foundations or pension funds, to bear the risk of performance while beneficiaries pay only for verified outcomes. Payments are structured so that utilities would pay back a small fraction of the economic value received, creating value for both utilities and investors. Payments can be tied to verifiable and measurable results such as additional water quantity, reduction in fire risk, water quality protection, and/or some combination of agreed-upon outcomes incorporating feedback from utility and academic partners.

How can additional water be measured?

Historically, paired catchment studies have provided the most rigorous approach for measuring changes in water yield. Numerous studies on small catchment areas have indicated increases in streamflow following forest restoration and vegetation reduction. While this approach is challenging to scale across larger landscapes, recent progress in measurement methodologies provides a path forward to measure the water quantity impacts from forest restoration:

- (1) Advances in measurement technology and hydrologic modeling allow us to understand impacts to hydrology following restoration activities at a lower cost and with higher precision. This process-level understanding enables the scaling of results to large areas using hydrologic models. For example, wireless sensor networks developed by the University of California can be deployed quickly and at low cost to support hydrologic assessment.
- (2) Remotely-sensed measurements from satellite and aircraft give unprecedented spatial coverage that can be used to approximate water quantity impacts from forest restoration. For example, remotely sensed snowpack and evapotranspiration provide a proxy estimate of changes in the water balance, and thus water yield.

Perhaps even more compelling, combining approaches (1) and (2) can increase confidence in the projected effects of vegetation treatments, and in some cases set aside the need for years of measuring streamflow to verify the benefits to downstream stakeholders. Of course, developing the proper measurement and modeling approach will need to be tailored to the level of confidence required by the project decision makers and stakeholders, plus the current level of confidence in projecting treatment effects given the local watershed conditions where treatments are planned. On this latter point, the heterogeneity in climate, geology, soils and vegetation indicates that projections for one area may require additional studies to confidently apply them to different landscapes. The FRB team is working closely with researchers, stakeholders, and investors to determine an appropriate measurement approach on a project by project basis.

How will climate change affect the water benefits of forest restoration?

With the expectation of reduced winter snowpack, greater evaporation, an extended dry summer season, and increasing forest transpiration, water supplies will likely face elevated demands and stresses. Improved vegetation management that reduces fire risk, protects water quality, and potentially augments water quantity will become ever-more necessary in the future.

How much value is created through restoration?

Whether ensuring water and soil health or boosting water and hydroelectric supply, there is real economic value to protecting water quality, extending the snowpack reservoir, and potentially augmenting water quantity. While we can benchmark the value of such benefits, utilities know best the economic value of improving watershed resilience, generating additional water volumes (if applicable), reducing fire risk, reducing flood risk, and protecting habitat.

COMMISSION MEMORANDUM NO. 2017.85

DATE: June 20, 2017

TO: SAWPA Commission

SUBJECT: Water Quality Monitoring – SAWPA Administration

PREPARED BY: Rick Whetsel, Senior Watershed Manager

RECOMMENDATION

It is recommended that the Commission receive and file staff's report and presentation about water quality monitoring programs administered through the task forces.

DISCUSSION

At the May 16, 2017 Commission meeting, the Commission requested staff to provide an update on water quality monitoring programs that SAWPA administers on behalf of the various task forces efforts.

In 2016, SAWPA initiated an effort to assist stakeholders in implementing the Regional Water Quality Monitoring Task Force. This Task Force reflects the completion and conclusion of the Stormwater Quality Standards Task Force efforts and the establishment of a new task force to implement a regional monitoring program by the flood control districts in the Santa Ana River Watershed. Further, the new monitoring program combines the separate and disparate bacteria monitoring programs of the three county flood control districts along with the existing bacteria monitoring program under the Middle SAR TMDL Task Force administered by SAWPA to eliminate redundancy and streamline reporting of regional monitoring efforts.

Staff in support of LESJWA administers a regulatory monitoring program to implement TMDL requirements for water quality monitoring for the Lake Elsinore and Canyon Lake Nutrient TMDL Task Force. This program initiated in 2006 with the approval of the lake Elsinore and Canyon Lake nutrient TMDLS by EPA, includes routine in-lake monitoring for each Lake Elsinore and Canyon Lake, as well as a storm monitoring program for the San Jacinto River watershed.

In addition, though not a part of the effort administered by staff for the Lake Elsinore and Canyon Lake Nutrient TMDL Task Force, the Western Riverside County Agriculture Coalition (WRCAC) conducted a nutrient source assessment of the Salt Creek watershed during the 2014-15 wet season. This assessment included the collection of water quality data at seven monitoring sites along Salt Creek tributary to Canyon Lake. The goal of this assessment was to fill information gaps needed to address several of the remaining areas of uncertainty in modeling conducted to support the WRCAC Agricultural Nutrient Management Plan (AgNMP).

SAWPA's role in supporting stakeholders in administering these monitoring efforts includes but is not limited to the following:

- Acting as contracting party and contract administrator for the various consultant teams conducting the monitoring
- Reviewing quarterly and annual water quality monitoring reports
- Oversight on data management through CEDEN
- Reviewing annual budgets and processing invoices

SAWPA and Lake Elsinore and Canyon Lake TMDL Task Force do not have any role or control over the water quality data collection administered by the WRCAC along the Salt Creek tributary to Canyon Lake.

CRITICAL SUCCESS FACTORS

- SAWPA has a strong reputation as a watershed-wide, knowledgeable, neutral and trusted facilitator, leader, and administrator of contracted activities.
- Goals, scope, costs, resources, timelines, and the contract term are approved by the Commission before executing an agreement to participate in a roundtable group.
- Report and use results of roundtable's work, leverage information and involvement for the benefit of SAWPA, its members, and other stakeholders.
- Adequate professional staff and resources to effectively provide facilitation, management, administrative and technical support to collaborative work efforts.

RESOURCE IMPACTS

Staff time to support data collection and database management is covered by SAWPA Task Force agencies.

COMMISSION MEMORANDUM NO. 2017.86

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Wrought Iron Fence – SAWPA Building
PREPARED BY: Carlos Quintero, Senior Project Manager

RECOMMENDATION

It is recommended that the Commission approve use of funds from the Building Reserve Account in an amount not to exceed \$30,000 for the installation of an 8-foot tall wrought iron fence on the west side of the SAWPA building.

DISCUSSION

Recently, there has been an increase in after-hours access (i.e. trespassing) into the SAWPA property, resulting in either vandalism or improper use of the SAWPA demonstration garden. In an effort to curb unauthorized access, an 8-foot fence is proposed on the West side of the property.

The fence will be installed in 2 phases to allow installation of the Western Municipal Water District La Sierra Pipeline through the SAWPA parking lot. In Phase 1, a temporary chain link fence will be installed as shown in Figure 1. Once the WMWD pipeline is installed, the fencing contractor will remove the chain link fence and install the permanent wrought iron fence (Phase 2).

Additionally, minor repairs will be made to the existing chain-link fence to the north (Caltrans) and to the south (Riverside County Flood Control and Water Conservation District) of the SAWPA property.

An exemption to the Riverside Municipal Code to install an 8-foot fence has been granted by the City.

CRITICAL SUCCESS FACTORS

N/A

RESOURCE IMPACTS

Sufficient funds are available from the Building Reserve Account (Fund 100) to cover the cost of the proposed fence. As of May 31, 2017, the Building Reserve Account has \$818,646 available.

Attachments:

1. Site Plan

Phase 1: Temporary chain-link fence to allow construction of the WMWD La Sierra Pipeline.
Phase 2: Removal of the chain-link fence and installation of the permanent wrought iron fence.

CAUTION:
PRIOR TO EXCA
APPROPRIATE UTIL
EXACT LOCATION
ELECTRICAL AND TE

PROPOSED 8-FT WROUGHT
IRON FENCE - APPR. 110-FT

PROPOSED 8-FT WROUGHT
IRON FENCE - APPR. 105-FT

Phase 1:
Installation of the
permanent wrought
iron fence

Checked for compliance
DESIGN REVIEW
APPROVED
Date 6/12/17 Initial Gubby Adams
City of Riverside Planning Division

SITE PLAN

NOTE:
BUILDING PAD IS
ELEVATION FOR B
0'-0" = 715'

COMMISSION MEMORANDUM NO. 2017.80

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Local Hazard Mitigation Plan Update
PREPARED BY: Carlos Quintero, Senior Project Manager

RECOMMENDATION

It is recommended that the Commission receive and file an update on the Local Hazard Mitigation Plan efforts to date.

DISCUSSION

On June 7, 2016, the SAWPA Commission directed the SAWPA General Manager to submit a Letter of Commitment as a participating jurisdiction in both the Riverside and San Bernardino County Operational Area Multi-Jurisdictional Hazard Mitigation Planning.

SAWPA has been in close coordination with both Counties to prepare a hazard mitigation plan that identifies the hazards facing the Brine Line and mitigation measures to reduce the impacts of such hazards.

Earthquakes and flooding present the highest risk to the integrity of the Brine Line, as such, the main mitigation measures include:

1. Ensure availability of inventory items, including, pipe in various materials and diameters, pumping equipment, and construction equipment to expedite the repair during a catastrophic event.
2. Reinforcement/protection of areas subject to erosion.
3. Provide watertight mechanisms for unsealed structures located in potential flooding areas.

The Local Hazard Mitigation Plan identifies SAWPA's current available resources, equipment, materials and capabilities to respond during emergencies.

As part of the Sewer System Management Plan, SAWPA prepares, updates, and provides annual training on the Overflow Emergency Response Plan (OERP). The OERP's primary function is to provide a mechanism for adequate Sewer System Overflow containment, recovery, and mitigation. The LHMP differs from the OERP in that the activities in the former are meant to prevent SSOs and allow for the system to provide adequate brine disposal infrastructure to critical facilities in the Inland Empire Brine Line.

A kick-off meeting was held on June 16, 2016 with all the Brine Line dischargers to discuss the efforts.

A public hearing will be required once the State Office of Emergency Services (CalOES) approves the County plans. The final plan will need to be adopted by the SAWPA Commission.

Preparation of a LHMP is required to be eligible for FEMA Hazard Mitigation Grants.

CRITICAL SUCCESS FACTORS

1. Minimize disruptions to customers
5. Protect and preserve the useful life of Brine Line assets through strategic maintenance, repair, and capital improvements.

RESOURCE IMPACTS

Funding for preparation of the LHMP and submittal to the Counties is budgeted under Fund 240 – Brine Line Enterprise.

Attachments:

1. LHMP Executive Summary
2. Brine Line Area Map – Known Earthquake and Flooding Hazards

LOCAL HAZARD MITIGATION PLAN EXECUTIVE SUMMARY



Prepared by:

Santa Ana Watershed Project Authority

INTRODUCTION

The purpose of the Stafford Act, as amended by the Disaster Mitigation Act of 2000, is “to reduce the loss of life and property, human suffering, economic disruption, and disaster assistance costs resulting from natural disasters.” Section 322 of the Act specifically addresses mitigation planning and requires state and local governments to prepare multi-hazard mitigation plans as a precondition for receiving FEMA mitigation project grants.

Mitigation is most effective when it is based on a comprehensive, long-term plan that is developed before a disaster occurs. The purpose of mitigation planning is to identify local policies and actions that can be implemented over the long term to reduce risk and future losses from hazards. These mitigation policies and actions are identified based on an assessment of hazards, vulnerabilities, and risks and the participation of a wide range of stakeholders and the public in the planning process.

Benefits of mitigation planning include:

- Identifying actions for risk reduction that are agreed upon by stakeholders and the public.
- Focusing resources on the greatest risks and vulnerabilities.
- Building partnerships by involving citizens, organizations, and businesses.
- Increasing education and awareness of threats and hazards, as well as their risks.
- Communicating priorities to State and Federal officials.
- Aligning risk reduction with other community objectives.

SAWPA has undertaken this mitigation hazard planning effort in order to identify the vulnerabilities faced by the Inland Empire Brine Line and propose specific mitigation measures to reduce the potential for failure, and in the case of catastrophic events, to minimize the time needed to repair the Brine Line and bring it back to service.

The Inland Empire Brine Line provides a critical mechanism to remove Brine generated primarily from groundwater desalters (which rely on a local water supply) and power plants. During a large-scale emergency (i.e. earthquakes), it is imperative that the Brine Line remains in service to allow these critical facilities to continue operation. Figure ES-1 shows the Brine Line along with identified hazards and areas of potential risk.

PLANNING EFFORT

SAWPA's planning effort includes coordination with the Brine Line dischargers and the member agencies. A meeting with the dischargers took place in June 2016.

The planning effort was led by the SAWPA Engineering and Operations Department.

A public hearing is expected once the plan has been submitted and approved by the State of California Office of Emergency Services (CalOES).

HAZARD IDENTIFICATION

Earthquakes and Flooding are the main hazards in the watershed that could compromise the integrity and operation of the Brine Line.

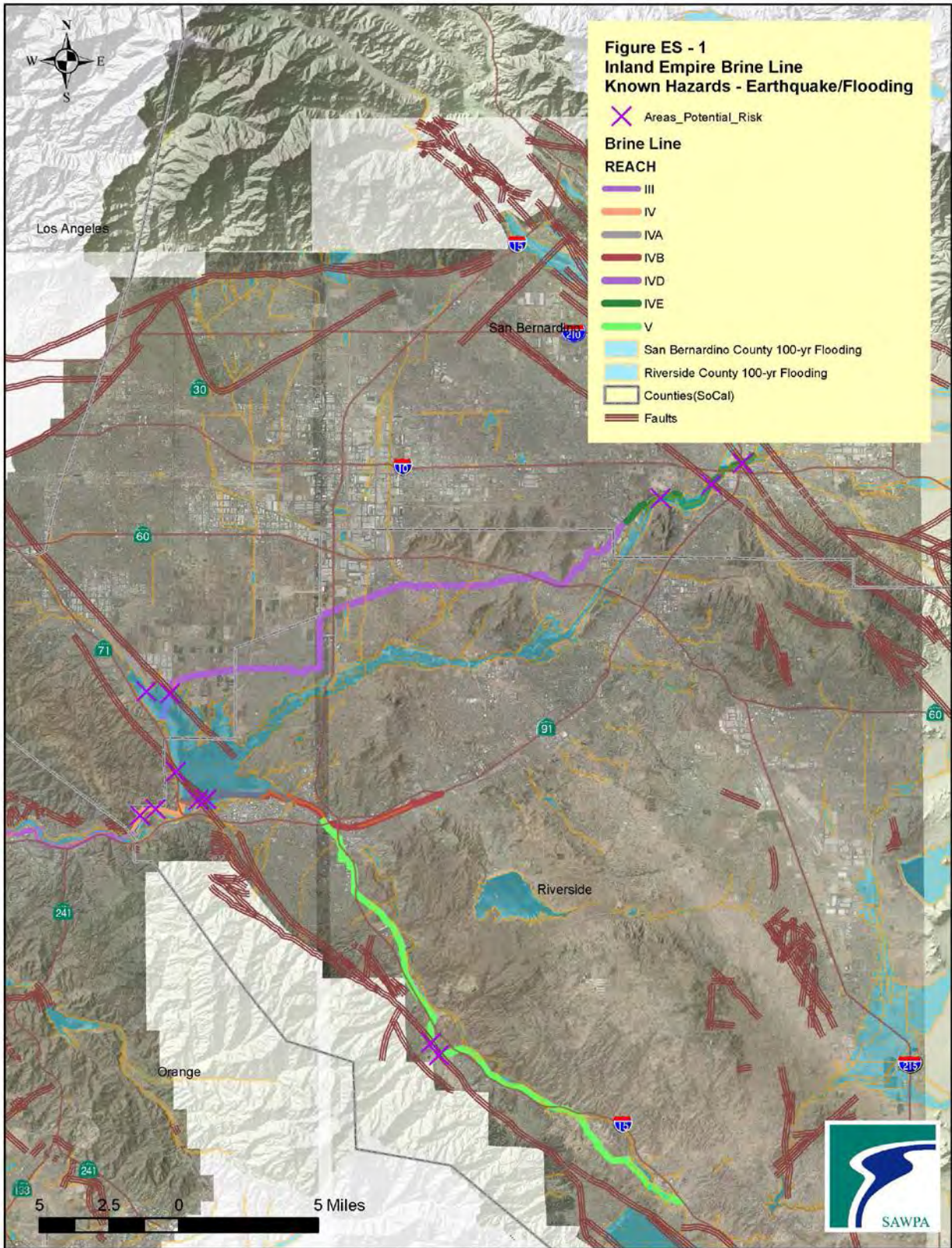
Earthquakes can cause significant damage to the Brine Line, such as offset joints, maintenance access structure collapse, and/or pipeline collapse, leading to potential sewer system overflows and extensive disruptions of service. Extreme flooding events can potentially cause significant erosion which can potentially wash away sections of the Brine Line.

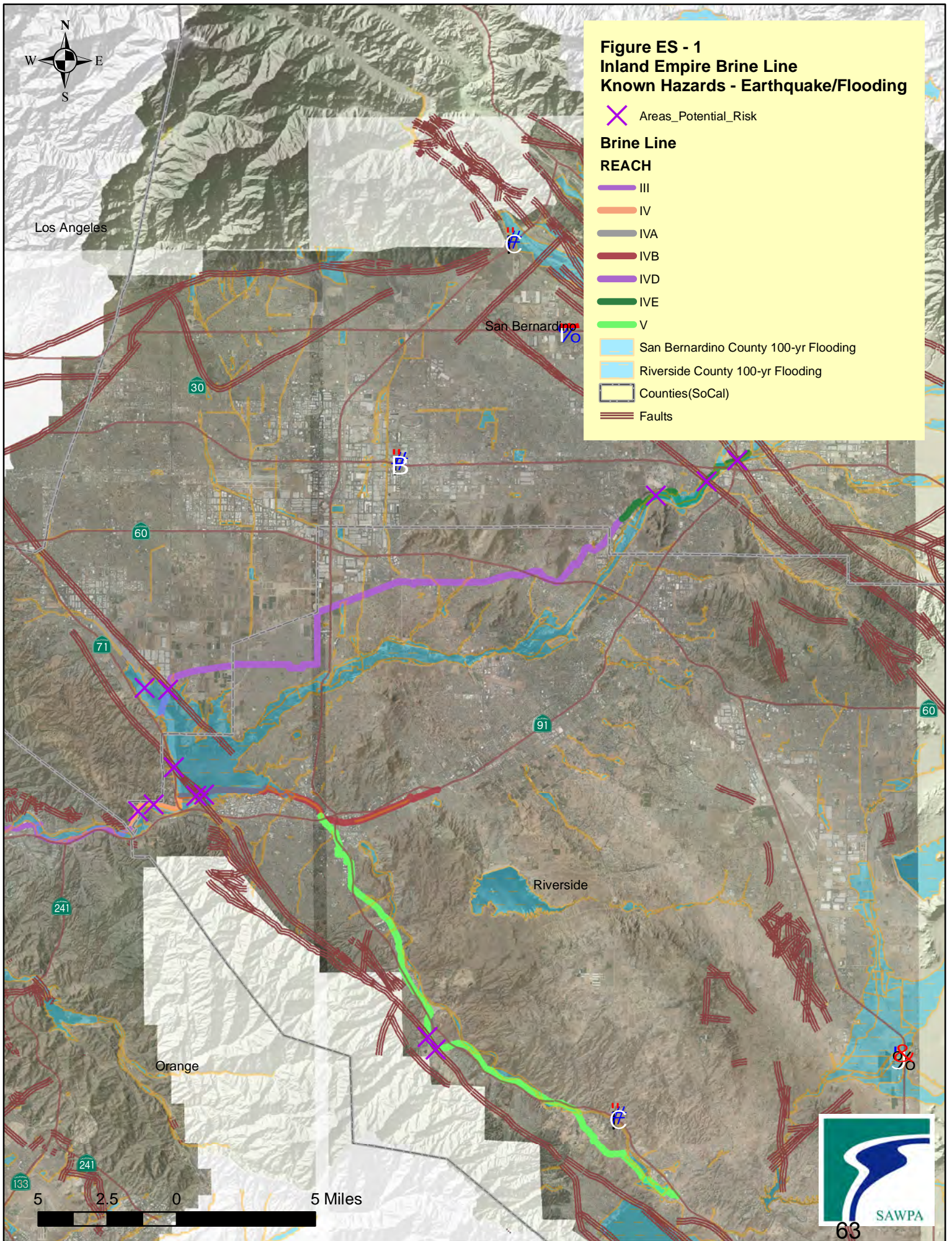
MITIGATION STRATEGIES

The main mitigation strategies to reduce the impact of natural hazards include the following:

1. Protection of the Brine Line in areas prone to erosion due to flooding or severe storms.
2. Availability of various pipe materials and diameters, bypass pumping equipment, and construction equipment to expedite repair of the Brine Line during failure.
3. Provide watertight mechanisms for unsealed maintenance access structures located in potential flooding areas.

These proposed strategies will be incorporated in the Brine Line Capital Improvement Project and SAWPA will seek Hazard Mitigation Grants to offset the costs.





Page Intentionally Blank

COMMISSION MEMORANDUM NO. 2017.78

DATE: June 20, 2017

TO: SAWPA Commission

SUBJECT: Emerging Constituents Program Task Force – Public Outreach Status Report

PREPARED BY: Mark Norton, Water Resources & Planning Manager

RECOMMENDATION

That the Commission receive and file this status report on the public outreach conducted through the Emerging Constituents Program Task Force.

DISCUSSION

Since 2010 the Emerging Constituents (EC) Program Task Force, involving over 20 water and wastewater agencies in the watershed, have conducted an annual emerging constituents sampling program. This work has been conducted as a component of a cooperative agreement with the Santa Ana Regional Water Quality Control Board to avoid formal regulation of imported water recharge. The first annual sampling report was successfully submitted to the Regional Board in Dec. 2010 and every year through 2013. The last annual sampling report was submitted earlier this year for the 2013 sampling year. The task force has now transitioned their sampling program to reflect just the required EC sampling constituents required by the State Water Resources Control Board and future sampling will be considered as further SWRCB recommendations unfold.

SAWPA serves as the administrator for this EC Program Task Force since its formation and is a signatory to the EC Program Task Force Agreement.

In addition to the EC sampling program, the task force conducts public outreach using social media tools to share information on the safety of the water supply with the public. This social media support to educate the public and media was also recommended by the SAWPA Commission after concerns arose by the media with the safety of groundwater sources. The social media tools consist of important articles and interview experts to help inform and ensure public understanding of the potable water safety.

In September of 2015, DeGrave Communications was authorized to serve as the consultant for the EC Program Task Force by the SAWPA Commission for a three year contract through September 2018. The SAWPA Commission also requested status report presentations at least twice a year from the consultant. Ms. Liselle DeGrave of DeGrave Communications will provide the power point update.

CRITICAL SUCCESS FACTORS

SAWPA has a strong reputation as a watershed-wide, knowledgeable, neutral and trusted facilitator, leader, and administrator of contracted activities

Goals, scope, costs, resources, timelines, and the contract term are approved by the Commission before executing an agreement to participate in a roundtable group

Report and use results of roundtable's work, leverage information and involvement for the benefit of SAWPA, its members, and other stakeholders.

Annual reviews of workplans and budgets for each task force activity.

RESOURCE IMPACTS

Funding for staff time and consultant support has been included in the Emerging Constituents Program Task Force budget and is shown in the FYE 201/2018 SAWPA Budget.

COMMISSION MEMORANDUM NO. 2017.79

DATE: June 20, 2017

TO: SAWPA Commission

SUBJECT: Basin Monitoring Program Task Force Update
Upper Santa Ana River Integrated Model Update

PREPARED BY: Mark R. Norton, PE, Water Resources & Planning Manager

RECOMMENDATION

That the Commission receive and file this information report and presentation regarding the Basin Monitoring Program Task Force activities and a new study, the Upper Santa Ana River Integrated Model, led by SBVMWD and other study partners.

DISCUSSION

The Basin Monitoring Program Task Force administered by SAWPA is currently engaged in several major activities that will result in new Santa Ana Regional Water Quality Control Board Basin Plan Amendments and deliverables to the Regional Board. These include the following:

- A. Revision to Chino South groundwater management zone nitrate objective
- B. Approval of the latest Santa Ana River Wasteload Allocation
- C. Approval of the latest Triennial Ambient Water Update
- D. New regulatory policies addressing TDS permitting strategies drought-related compliance issues
- E. Development of a new Santa Ana River Wasteload Allocation Model

A powerpoint presentation will be provided by SAWPA staff on the ongoing activities of the Basin Monitoring Program Task Force.

Somewhat related to the Basin Monitoring Program Task Force river modeling efforts, a new study entitled the Upper Santa Ana River Integrated Model has been started under the leadership of SBVMWD and several other partnering agencies. Mr. Bob Tincher, SBVMWD, will provide an overview powerpoint presentation about the Upper Santa Ana River Integrated Model study.

CRITICAL SUCCESS FACTORS

- SAWPA has a strong reputation as a watershed-wide, knowledgeable, neutral and trusted facilitator, leader, and administrator of contracted activities.
- Report and use results of roundtable's work, leverage information and involvement for the benefit of SAWPA, its members, and other stakeholders.

RESOURCE IMPACTS

Funding for all activities by the Basin Monitoring Program Task Force has been budgeted and included in the current SAWPA budget. The technical study related to drought-related compliance is being funded by the Southern California Salinity Coalition. Funding to support the Upper Santa Ana River Integrated Model is funded by SBVMWD, study partners, and outside federal funding.

Page Intentionally Blank

COMMISSION MEMORANDUM NO. 2017.81

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Statement of Investment Policy
PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission adopt Resolution No. 2017-10, approving the Statement of Investment Policy and delegating authority to the Chief Financial Officer to invest or reinvest funds consistent with the Statement of Investment Policy.

DISCUSSION

Investment policies and practices of SAWPA are based upon Federal and State laws and prudent money management. California law requires that the Commission annually adopt a Statement of Investment Policy. California law permits the Commission to delegate to the Chief Financial Officer, if it so desires, the authority to invest or reinvest SAWPA's funds, or to sell or exchange securities for a period of one year. Upon such delegation, the Chief Financial Officer assumes full responsibility for those transactions, and shall make monthly reports of those transactions to the Commission. All such investments made by the Chief Financial Officer shall strictly comply with the Statement of Investment Policy as annually adopted by the Commission.

The attached Statement of Investment Policy has been reviewed by staff, and it was determined that no significant changes were needed from the policy that was approved by the Commission last year. Staff will release an RFP for Investment Management Services later this year. As part of the scope the firm awarded the contract will review and recommend any appropriate amendments to the Investment Policy.

RESOURCE IMPACTS

No additional staff or costs are anticipated at this time.

Attachments:

1. Resolution No. 2017-10
2. State of Investment Policy

RESOLUTION NO. 2017-10

**A RESOLUTION OF THE COMMISSION OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
ANNUALLY APPROVING A STATEMENT OF INVESTMENT POLICY AND
DELEGATING AUTHORITY TO THE CHIEF FINANCIAL OFFICER TO INVEST OR
REINVEST FUNDS CONSISTENT WITH THE STATEMENT OF INVESTMENT POLICY**

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (Government Code, Section 53600.6 and 53630.1);

WHEREAS, the Commission of the Santa Ana Watershed Project Authority ("SAWPA") may invest surplus monies not required for the immediate necessities of SAWPA in accordance with the provisions of Government Code, Sections 53600 et seq.;

WHEREAS, the Chief Fiscal Officer, hereby identified as the Chief Financial Officer, is required to annually prepare and submit a Statement of Investment Policy, and any changes thereto, which shall be reviewed and approved by the Commission (Government Code, Section 53646(a));

WHEREAS, Section 6505.6 of the Government Code permits a joint powers authority to delegate the duties and responsibilities of a treasurer to another SAWPA position;

WHEREAS, the Chief Financial Officer is the employee that has been designated by SAWPA to comply with the duties and responsibilities of the treasurer's office as set forth in Sections 6505 and 6505.5 of the Government Code;

WHEREAS, Section 53607 of the Government Code permits the Commission to delegate its authority to invest or reinvest SAWPA's funds to the Chief Financial Officer; and

WHEREAS, all such investments, whether authorized by the Commission or delegated to the Chief Financial Officer, must comply with the requirements of SAWPA's Statement of Investment Policy.

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

1. The attached Statement of Investment Policy is hereby approved and shall govern the investment of SAWPA's funds.
2. The Chief Financial Officer shall comply with the duties and responsibilities of the office of the treasurer as set forth in Sections 6505 and 6505.5 of the Government Code.
3. As permitted under Section 53607 of the Government Code, the authority of the Commission to invest or reinvest SAWPA's funds, or to sell or exchange securities so purchased, is hereby delegated for a period of one year by the Commission to SAWPA's Chief Financial Officer who shall assume full responsibility for those transactions until the delegation of authority, and shall make a monthly report of those transactions to the Commission. Subject to review, the Commission may renew the delegation of authority each year pursuant to Section 53607 of the Government Code.

4. All such investments made by the Chief Financial Officer shall strictly comply with SAWPA's Statement of Investment Policy adopted annually pursuant to Section 53646 of the Government Code.

ADOPTED this 20th day of June, 2017.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: _____
Thomas P. Evans, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

Attachment: Statement of Investment Policy

Santa Ana Watershed Project Authority
(SAWPA)

STATEMENT OF INVESTMENT POLICY

I. POLICY

This Statement of Investment Policy is intended to provide guidelines for the prudent investment of SAWPA's temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of SAWPA's cash management system. The goal is twofold; one is to preserve SAWPA's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investments.

II. SCOPE

All monies entrusted to SAWPA shall be pooled in an actively managed portfolio. In accordance with SAWPA Resolution No. 2017-10, the Chief Financial Officer is authorized to invest funds in accordance with California Government Code (CGC) Section 53600 et seq. This investment policy applies to all financial assets and investment activities of SAWPA.

This policy, however, specifically excludes the employees' retirement and deferred compensation funds and the retiree health benefit trust. Additionally, monies held by a trustee or fiscal agent pledged to the payment or security of bonds or other indebtedness, shall comply with CGC Section 53601 (L).

III. PRUDENCE

SAWPA shall follow the standards within the content of the Prudent Investor Standard as set forth in CGC Section 53600.3 that states in part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill and prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency."

IV. OBJECTIVE

SAWPA's cash management system is designed to monitor and forecast expenditures and revenues, thus enabling the agency to invest funds to the fullest extent possible. SAWPA attempts to obtain the highest yield available, while investments meet the criteria established for safety, liquidity, and yield, in that order of priority.

A. SAFETY

Safety of principal is the foremost objective of the agency. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, rating downgrades, broker-dealer defaults, or erosion of market value. SAWPA shall seek the preservation of capital by mitigating two types of risk: credit risk and market risk.

1. Credit risk - is the risk of loss due to failure of the issuer and is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the cash flow of the agency.

2. Market risk - is the risk of market value fluctuations due to changes in the general level of interest rates, and shall be mitigated by limiting the average maturity of the agency's investment portfolio to three and one-half years, and the maximum maturity of any one security to five years. Market risk shall also be mitigated by structuring the portfolio so maturing securities match cash outflows, eliminating the need to sell securities prior to their maturity, and to avoid taking positions in securities for the purpose of selling those securities within a short period of time in order to realize a short term profit. It is recognized that within a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall return on the investment.

B. LIQUIDITY

SAWPA's investment portfolio will remain satisfactorily liquid, enabling the agency to meet all anticipated and operating cash flow requirements.

C. RETURN ON INVESTMENTS

SAWPA's investment portfolio shall be designed to attain a market rate of return throughout economic cycles. Whenever possible with respect to budgetary and cash flow requirements, and consistent with risk limitations and prudent investment principles, the Chief Financial Officer shall seek to augment returns above the market rate of return.

V. MAXIMUM MATURITIES

SAWPA will match its investments with anticipated cash flow requirements. Per CGC Sections 53601 et seq., maximum maturities shall not exceed five (5) years, without specific approval of the SAWPA Commission. The average maturity of funds should not exceed 1,275 days (3.5 years), and the cash flow requirements shall prevail at all times.

VI. PERFORMANCE STANDARDS

SAWPA's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the agency's investment risk constraints and cash flow requirements.

SAWPA will operate in an active capacity in the investment strategy. The basis of the strategy used by the Chief Financial Officer to determine whether market yields are achieved shall be the State of California Local Agency Investment Fund (L.A.I.F.).

VII. DELEGATION AND GRANTS OF AUTHORITY

Management responsibility for the investment program is delegated to the Chief Financial Officer (as provided by resolution annually adopted by the SAWPA Commission) who shall establish written procedures and policies for the operation of the investment program consistent with this investment policy.

No person shall engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer. The Chief Financial Officer shall establish a series of internal accounting controls to regulate and/or restrict the activities of subordinate representatives within the agency.

In the absence of the Chief Financial Officer, the authority to direct investment transactions affecting SAWPA monies will be restricted to SAWPA's General Manager as to maturity, investment instrument, and dollar size of the investment.

VIII. INVESTMENT COMMITTEE

The SAWPA Commission shall act, or may appoint an AD Hoc or Standing Committee to act, as the investment committee to provide general oversight and guidance concerning the investment policy

related to the management of SAWPA's investments. The Committee shall meet at least quarterly. Pursuant to an annual SAWPA Commission adopted resolution, the Chief Financial Officer shall be responsible for the day-to-day investments of the agency.

IX. ETHICS AND CONFLICT OF INTEREST

The Chief Financial Officer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Chief Financial Officer and all investment personnel shall disclose to SAWPA's legal counsel any material financial interests in financial institutions that conduct business within the jurisdiction, and shall disclose any material financial investment positions that could be related in a conflicting manner to the performance of the agency's investment portfolio.

The Chief Financial Officer shall complete on an annual basis, State of California Form 700, Statement of Economic Interests disclosure.

X. SAFEKEEPING AND CUSTODY AGREEMENTS

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by SAWPA shall be kept in safekeeping by a third party bank trust department, acting as an agent for the agency under the terms of a custody agreement executed by the bank and the agency. All securities will be received and delivered using standard delivery versus payment procedures with the agency's custodial bank, and evidenced by safekeeping receipts. Custodial statements are reconciled against transaction schedules by the Chief Financial Officer on a monthly basis.

Investments in the state pool and local government investments pools are undeliverable, and therefore, not subject to the delivery or third party safe keeping requirements.

XI. INTERNAL CONTROLS

Separation of duties among employees involved in cash management activities is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted by the Finance Department to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Finance Department on a monthly basis.

An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies and procedures.

XII. FINANCIAL REPORTING

Under provision of Section 53646 of the CGC, the Chief Financial Officer shall render a quarterly report to the SAWPA Commission, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment, and the current market value of all investments. The report shall also include the source of the market value. Additionally, the report shall include the rate of interest, accrued interest earned, the amortized portion of the investment purchased at a premium or discount, and other data so required by the SAWPA Commission or by amendment to the above section of CGC and its successors. The report shall include a statement denoting SAWPA's ability to meet its expenditure requirements for the following six-month period, or an explanation as to why sufficient monies will not be available. Additionally, the Chief

Financial Officer shall state whether the agency is in compliance with its investment policy by signature required on the Treasurers' Report.

XIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

SAWPA shall transact business only with banks, savings and loan institutions, and registered investment securities dealers. The dealers should either be primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers qualifying under the Securities and Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of California state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the Santa Ana Watershed Project Authority's Investment Policy

An annual review of financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Chief Financial Officer.

XIV. COLLATERAL REQUIREMENTS

Collateralization is required for investments of public deposits in Certificates of Deposits (in excess of the FDIC insured amount) and all Repurchase Agreements. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest of eligible securities for Certificate of Deposit. The percentage of collateralization on repurchase agreements shall adhere to CGC Section 53601 (i) (2).

In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for Repurchase Agreements, the only securities acceptable as collateral shall be eligible Negotiable Certificates of Deposit, eligible Banker's Acceptances, or securities that are fully guaranteed as to principal and interest by the United States or by any agency of the United States government. All securities held as collateral shall have a maximum maturity of five (5) years.

XV. AUTHORIZED AND ACCEPTABLE INVESTMENTS

SAWPA is subject to CGC, Section 53601 et seq. Within the context of the governing language, the following investments are authorized and accepted as defined:

- A. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested within this category.
- B. Obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). Although there is no percentage limitation on "governmental agency" issues, the prudent investor standard shall apply for a single agency name.
- C. Time drafts drawn on and accepted by a commercial bank, otherwise known as Banker's Acceptances (BAs). Banker's Acceptances purchased shall not exceed 180 days to maturity,

or 40% of the market value of the portfolio. No more than 30% of the market value of the portfolio may be invested in Banker's Acceptances issued by any one commercial bank.

- D. Commercial Paper rated "P1" by Moody's Investor Services and "A1" by Standard and Poor's and issued by a United States corporation having assets exceeding \$500,000,000 and having an "A" or better rating on its long term debentures as rated by Moody's and Standard and Poor's. Commercial Paper purchases cannot exceed 15% of the market value of the portfolio (30% if the dollar weighted average maturity of all commercial paper does not exceed 31 days). Purchase of commercial paper may not exceed 10% of outstanding paper of an issuing corporation.
- E. Negotiable Certificates of Deposit (NCD) issued by a nationally or state-chartered bank or a state or federal savings and loan association, provided that the issuing institution is rated "A" or better by a nationally recognized statistical ratings organization (NRSRO).

Purchases of negotiable certificates of deposits may not exceed 30% of the market value of the portfolio. A maturity limitation of five (5) years is applicable on NCDs. With federal deposit insurance limits up to \$250,000, no more than \$250,000 shall be invested in NCDs per financial institution.

- F. Repurchase Agreements. The Agency may invest in Repurchase Agreements with banks and dealers with which the Agency has entered into a Master Repurchase Agreement which specifies terms and conditions of Repurchase Agreements. A signed copy of the Master Repurchase Agreement shall be required from the authorized financial dealer prior to the execution of any applicable transaction. The maturity of Repurchase Agreements shall not exceed one year. The market value of securities used as collateral for Repurchase Agreements shall be monitored daily, and will not be allowed to fall below 102% of the value of the Repurchase Agreement as set forth in CGC Section 53601 (i) (2).
- G. Local Agency Investment Fund. The Agency may invest in the Local Agency Investment Fund (L.A.I.F.) established by the State Treasurer or Chief Financial Officer for the benefit of local agencies up to the maximum permitted by State law.
- H. Investment Trust of California (CalTRUST). The Agency may invest in shares of beneficial interest issued by the Investment Trust of California (CalTRUST), a local government investment pool established by local entities as a joint powers authority pursuant to CGC Sections 6509.7 and 53601 (o), Provided:
1. CalTRUST investments are limited to the securities and obligations authorized for local agency investment pursuant to Subdivisions (a) to (n), inclusive, of CGC Section 53601; and
 2. CalTRUST shall have retained an investment advisor that:
 - a. Is registered or exempt from registering with the Securities and Exchange Commission;
 - b. Has not less than five years experience investing in the securities and obligations authorized for local agency investment pursuant to subdivisions (a) to (n), inclusive, of CGC Section 53601; and
 - c. Has assets under management in excess of \$500 million.
 3. The total invested shall not exceed 15 percent of the portfolio.

- I. Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service. No more than 30% of the market value of the portfolio may be invested in Medium-Term Notes.
- J. Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, as defined in Section 23701(m) of the Revenue and Taxation Code, investing in the securities and obligations as authorized by subdivisions (a) to (n), inclusive, of that section, and which comply with the investment restrictions (CGC, starting with Section 53601), companies shall either:
 - 1. Attain the highest ranking or the highest letter and numerical ranking provided by not less than two out of the three rating services: Moody’s Investors Service, Standard and Poor’s or Fitch Investors Service, Inc.
 - 2. Have an investment advisor registered with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations as authorized by subdivision (a) to (n), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest (Mutual Funds) purchased pursuant to this subdivision shall not include any commission that these companies may charge. No more than 15% of the portfolio may be invested in Mutual Funds. Further, the Agency may invest only in money market mutual funds that have an average maturity of 90 days or less per Securities & Exchange Commission regulations.
 - 3. All positions in government-sponsored investment pools and permitted Mutual Funds (per Sections G and J, above) shall be subject to periodic review by the Agency Treasurer or Chief Financial Officer, or a designee thereof, in order to ensure that the monies in question are managed in a manner consistent with the standards and objectives set forth elsewhere in this Policy.
- K. Collateralized Bank Deposits. The Agency may invest in notes, bonds, or other obligations which are at all times secured by a valid first priority security interest. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or Federal regulations applicable to the types of securities in which the security interest is placed. For purposes of Time Deposits issued by financial institutions, the Agency may not invest more than 25% of the market value of the portfolio in this category.
- L. Municipal Bonds. The Agency may invest in bonds issued by a state or local government agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

XVI. PROHIBITED INVESTMENTS

In accordance with CGC Section 53601.6, SAWPA will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. The agency may hold previously permitted but currently prohibited investments until their maturity dates.

XVII. LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into SAWPA's Investment Policy, and supersede any and all previous applicable language.

XVIII. INTEREST EARNINGS

All monies earned and collected from investments authorized in this policy shall be allocated on a quarterly basis to various fund accounts where required by law, or other agreement, based on the cash balance in each fund as a percentage of the respective pooled portfolio. However, fiduciary accounts requiring full liquidity will receive their proportional distribution of monies based on the lower of pooled or LAIF rates.

XIX. LIMITING MARKET VALUE EROSION

The longer the maturity of securities, the greater the market price volatility. Therefore, it is the general policy of SAWPA to limit the potential effects from erosion in market values by adhering to the following guidelines:

- A. All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.
- B. Maturity dates for longer-term investments will coincide with significant cash flow requirements where possible, to assist with short-term cash requirements at maturity.
- C. All longer-term securities will be purchased with the intent to hold all investments to maturity under then-prevailing economic conditions. However, economic or market conditions may change, making it in SAWPA's best interest to sell or trade a security prior to maturity.

XX. PORTFOLIO MANAGEMENT ACTIVITY

The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principles. The objectives will be achieved by use of the following strategies:

- A. Active Portfolio Management. Through active fund and cash flow management taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio (not to exceed 1,275 days).
- B. Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the agency shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.
- C. Competitive Bidding. It is the policy of the agency to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities, and the sale of all securities, at least three bidders must be contacted.

XXI. INVESTMENT POLICY REVIEW

This Statement of Investment Policy is intended to conform to all applicable statutes at the time of adoption. The Investment Policy shall be reviewed and approved annually by the SAWPA Commission at a public meeting to ensure consistency with the overall objectives of the preservation of capital, liquidity, and return of the portfolio. The Investment Policy shall also be reviewed to ensure its compliance and relevance to the current law,

financial and economic trends, and to meet the cash flow requirements of SAWPA. Investment operations are reviewed monthly during the reconciliation process of investment transactions to the third party statements, and by the Finance Department in the proof of cash process. SAWPA's independent auditors shall audit the investment portfolio annually. The audit shall include a review for compliance with SAWPA's Statement of Investment Policy.



June 20, 2017

Karen L Williams
Chief Financial Officer
Santa Ana Watershed Project Authority

Date

GLOSSARY OF INVESTMENT TERMS

AGENCIES: Securities issued by any of several U. S. Government Agencies including, but not limited to the Federal Home Loan Bank (FHLB), the Federal Farm Credit Bank (FFCB), and the Federal National Mortgage Association (FNMA or “Fannie Mae”).

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT: One-hundredth of one percent (i.e., 0.01%).

BID: The price offered for securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides.

CALLABLE BOND: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CALTRUST: A Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Certificate of Deposit may be issued in either negotiable or nonnegotiable form. Nonnegotiable certificates cannot be resold on the secondary market and may face penalties for early redemption whereas a negotiable CD may be resold.

COLLATERAL: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Short-term, unsecured, negotiable promissory note with a fixed maturity of no more than 270 days. By statute, these issues are exempt from registration with the U.S. Securities and Exchange Commission.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY OF SECURITIES: There are two methods of delivery of securities; Delivery versus Payment and Delivery versus Receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of signed receipt for the securities.

DERIVATIVE: A financial instrument created from, or whose value depends on (is derived from) the value of one or more underlying assets or indexes of asset values.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the timing of the cash flows to be received from a given fixed income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FACE VALUE: The principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

FAIR VALUE: The amount at which a security could be exchanged between willing parties, other than in a forced or liquidation sale. If a market price is available, the fair value is equal to the market value.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S & L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): Established in 1970 to help maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. Its discount notes and bonds do not carry direct U.S. Government guarantees.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA was chartered under the Federal National Mortgage Association Act of 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA securities do not carry direct U.S. Government guarantees.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve regional Banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Mae's.

INTEREST RATE RISK: The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of a portfolio's securities to decline.

INVESTMENT POLICY: A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

INVESTMENT PORTFOLIO: A collection of securities held by a bank, individual, institution or government agency for investment purposes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET RISK: Systematic risk of a security that is common to all securities of the same general class (stocks, bonds, notes, money market instruments) and cannot be eliminated by diversification (which may be used to eliminate non-systematic risk).

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MEDIUM-TERM NOTES (MTNs): Corporate notes, having any or all of the features of corporate bonds and ranging in maturity from nine months out to 30 years. The difference between corporate bonds and MTNs is that corporate bonds are underwritten.

MUNICIPAL BONDS: Offered by state and local governments, these bonds are primarily issued to finance infrastructure improvements, such as highways or sewers.

NATIONAL RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A rating organization designated by the SEC as being nationally recognized, such as Moody's Investor Service, Inc. (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

NEGOTIABLE CERTIFICATE OF DEPOSIT: Large denomination certificates of deposit with a fixed maturity date, which can be sold in the money market. They are not collateralized.

PORTFOLIO: The collection of securities held by an individual or institution.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few regulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state - the so-called legal list. In other states the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as notes, bonds, stocks, money markets instruments and other instruments of indebtedness of equity.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Attachment A

CERTIFICATION OF UNDERSTANDING

I hereby certify that I have personally read the Santa Ana Watershed Project Authority's (the Agency) Investment Policy and the California Government Code pertaining to the investments of the Agency.

I will disclose to the Agency any potential risks or conflicts with the Investment Policy that might arise out of business transactions between my firm and the Agency.

I will undertake reasonable efforts to prevent imprudent transactions involving funds of the Agency and will endeavor to keep familiar with the Agency's investment objectives and constraints, as they exist from time to time.

I will only offer investments for the Agency's consideration that are in conformity to the Agency's Investment Policy.

I attest to the accuracy of the responses to the Agency's questionnaire.

NOTE: Completion of the attached questionnaire is only part of the Santa Ana Watershed Project Authority's certification process and DOES NOT guarantee that the our financial institution will be guaranteed any portion of the investment business with the Santa Ana Watershed Project Authority.

FIRM NAME _____

SIGNED _____

DATE _____

Attachment B

**SANTA ANA WATERSHED PROJECT AUTHORITY
BROKERS/DEALERS QUESTIONNAIRE AND CERTIFICATION**

Please fill out form and return to the Santa Ana Watershed Project Authority

1. Name of Firm _____
2. Address _____

(Local) *(National Headquarters)*

3. Telephone No. _____
4. Primary Representatives: Name _____ Telephone _____ Years in institutional sales _____ Years with firm _____
Manager/Partner-In-Charge: Name _____ Telephone _____ Years in institutional sales _____ Years with firm _____
5. Are you a Primary Dealer in U.S. Government Securities? Yes No
6. Are you a Regional Dealer in U.S. Government Securities? Yes No
7. Are you a Broker instead of a Dealer,
i.e., You DO NOT own positions of Securities? Yes No
8. What is the net capitalization of your firm? _____
9. What is the date of your fiscal year-end? _____
10. Is your firm owned by a holding company? If so, what is its name and net capitalization?

11. Please provide your wiring and delivery instructions. _____

12. Which of the following instruments are offered regularly by your local desk?
 T- Bills Treasury Notes/Bonds Discount Notes NCD's
 Agencies (specify) _____
13. Which of the above does your firm specialize in marketing? _____

14. Please identify your most directly comparable Local Agency Clients in our geographical area:

Entity	Contact Person	Telephone	Client Since
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

15. What reports, transactions, confirmations and paper trail would we receive?

16. Please include samples of research reports or market information that your firm regularly provides to local agency clients.

17. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors? _____

18. Have you or your Firm been censored or punished by a regulatory State or Federal agency for improper or fraudulent activities, related to the sale of securities? Yes No

19. If yes, explain. _____

20. Attach certified documentation of your capital adequacy and financial solvency. In addition, an audited financial statement must be provided within 120 days of your fiscal year-end.

21. Attach proof of National Association of Securities Dealers (NASD) certification.

22. Attach proof of California Department of Securities Registration.

23. Attach proof of Securities and Exchange Commission registration.

24. Attach proof of adequate insurance coverage.

25. Are you listed under GFOA Yield Advantage? Yes No

Santa Ana Watershed Project Authority
Cash Transaction Report
Month of April 2017

Below is a summary of cash transactions completed during the month in the Authority's checking account with US Bank. Attached are summaries by major revenue and expense classifications.

Cash Receipts and Deposits to Account	\$	1,630,362.40
Net Investment Transfers		545,061.80
Cash Disbursements		<u>(3,010,644.11)</u>
Net Change for Month	\$	(835,219.91)
Balance at Beginning of Month		<u>2,847,748.60</u>
Balance at End of Month per General Ledger	\$	<u><u>2,012,528.69</u></u>
Collected Balance per Bank Statement	\$	2,014,218.42

ACCOUNTS PAYABLE RECONCILIATION

Accounts Payable Balance @ 03/30/17	\$	3,969,180.34
Invoices Received for April 2017		1,482,538.40
Invoices Paid by check/wire during April 2017 (see attached register)		<u>(1,751,928.37)</u>
Accounts Payable Balance @ 04/30/17	\$	<u><u>3,699,790.37</u></u>

CASH RECEIPTS

Brine Line Operating Revenues	\$	998,157.24
Other Grant Funds (DAC Grant)		49,332.56
Participant Fees - WVWD MOU		442,000.00
LESJWA Admin Reimbursement		17,585.21
Grant Proceeds - Prop 84		40,070.76
Grant Proceeds - Prop 84 Pass-throughs		82,489.02
Other		<u>727.61</u>
Total Receipts and Deposits	\$	1,630,362.40

INVESTMENT TRANSFERS

Transfer of Funds:		
From (to) LAIF	\$	500,000.00
From (to) Grant Retention (USB)		44,760.08
From (to) CalTRUST (USB)		-
From (to) Legal Defense Fund		-
From (to) Investments		<u>301.72</u>
Total Investment Transfers	\$	545,061.80

CASH DISBURSEMENTS

By Check:		
Payroll	\$	361.81
Operations		<u>1,743,770.60</u>
Total Checks Drawn	\$	1,744,132.41
By Cash Transfer:		
Payroll	\$	161,922.89
Payroll Taxes		82,007.74
Wire Transfer - US Bank Credit Card		8,157.77
Account Analysis Fee		149.73
Investment Purchases		1,011,867.69
Take Care (AFLAC)		<u>2,405.88</u>
Total Cash Transfers	\$	1,266,511.70
Total Cash Disbursements	\$	<u><u>3,010,644.11</u></u>

Santa Ana Watershed Project Authority
Check Detail
April 2017

Category	Check #	Check Date	Type	Vendor	Check Amount
Accrued Volumetric Costs	EFT01201	4/20/2017	CHK	Orange County Sanitation District	\$798,206.50
				Accrued Volumetric Costs Total	\$798,206.50
Bank Fee	WDL000004057	4/14/2017	WDL	US Bank	\$149.73
				Bank Fee Total	\$149.73
Benefits	2413	4/6/2017	CHK	ACWA/JPIA	\$46,522.38
Benefits	2430	4/14/2017	CHK	AFLAC	\$429.64
Benefits	2434	4/14/2017	CHK	Cal PERS Long Term Care Program	\$102.04
Benefits	2435	4/14/2017	CHK	State Compensation Ins Fund	\$5,690.67
Benefits	2444	4/20/2017	CHK	WageWorks	\$128.00
Benefits	EFT01190	4/14/2017	CHK	Vantagepoint Transfer Agents	\$6,772.18
Benefits	EFT01195	4/14/2017	CHK	Vantagepoint Transfer Agents	\$400.90
Benefits	P030326	4/14/2017	WDL	Public Employees' Retirement	\$19,196.72
Benefits	P030439	4/28/2017	WDL	Public Employees' Retirement	\$19,196.72
Benefits	WDL000004044	4/3/2017	WDL	Takecare	\$650.89
Benefits	WDL000004046	4/4/2017	WDL	Takecare	\$192.30
Benefits	WDL000004047	4/5/2017	WDL	Takecare	\$260.00
Benefits	WDL000004056	4/14/2017	WDL	Takecare	\$1,110.39
Benefits	WDL000004059	4/18/2017	WDL	Takecare	\$192.30
				Benefits Total	\$100,845.13
Car - Gas	2448	4/20/2017	CHK	County of Riverside/Transportation	\$469.32
				Car - Gas Total	\$469.32
Car - Repair & Maintenance	2447	4/20/2017	CHK	Riverside Transmission Center	\$186.34
				Car - Repair & Maintenance Total	\$186.34
Construction	EFT01196	4/14/2017	CHK	WEKA Inc	\$380,857.85
				Construction Total	\$380,857.85
Consulting - Void	* 2412	4/27/2017	VOID	GeoScience Support Services	(\$2,906.25)
				Consulting - Void Total	(\$2,906.25)
Consulting	EFT01185	4/6/2017	CHK	RMC Water and Environment	\$21,869.37
Consulting	EFT01197	4/14/2017	CHK	CV Strategies	\$4,476.88
Consulting	EFT01198	4/14/2017	CHK	Vali Cooper & Associates, Inc	\$161,646.01
Consulting	EFT01202	4/20/2017	CHK	Risk Sciences	\$3,584.37
Consulting	EFT01203	4/20/2017	CHK	West Coast Advisors	\$11,500.00
Consulting	EFT01206	4/20/2017	CHK	Accent Computer Solutions Inc	\$3,471.50
Consulting	EFT01207	4/20/2017	CHK	Trussell Technologies, Inc.	\$1,851.30
Consulting	EFT01208	4/20/2017	CHK	Dudek	\$3,568.88
Consulting	EFT01210	4/20/2017	CHK	DeGrave Communications	\$1,889.99
Consulting	EFT01211	4/20/2017	CHK	Hammons Strategies	\$4,500.00
				Consulting Total	\$218,358.30
Contract Services	EFT01176	4/6/2017	CHK	Orange County Sanitation District	\$2,422.79
Contract Services	EFT01180	4/6/2017	CHK	Western Municipal Water District	\$8,838.76
Contract Services	EFT01194	4/14/2017	CHK	Orange County Coastkeeper	\$384.75
Contract Services	EFT01199	4/14/2017	CHK	Green Media Creations	\$10,423.13
Contract Services	EFT01214	4/20/2017	CHK	Local Government Commission	\$20.54
				Contract Services Total	\$22,089.97
Credit Cards	P030458	4/10/2017	WDL	US Bank	\$8,157.77
				Credit Cards Total	\$8,157.77
Director Costs	2424	4/6/2017	CHK	Gil Navarro	\$46.01
Director Costs	* 2429	4/14/2017	VOID	Gil Navarro	\$0.00
Director Costs	2449	4/28/2017	CHK	Gil Navarro	\$361.81
Director Costs	EFT01177	4/6/2017	CHK	Philip Anthony	\$98.44
Director Costs	EFT01178	4/6/2017	CHK	Eastern Municipal Water District	\$211.73
Director Costs	EFT01180	4/6/2017	CHK	Western Municipal Water District	\$404.20
Director Costs	EFT01186	4/6/2017	CHK	Jasmin Hall	\$55.64
Director Costs	EFT01188	4/6/2017	CHK	Susan Longville	\$53.50
Director Costs	EFT01189	4/6/2017	CHK	Kati Parker	\$57.78
				Director Costs Total	\$1,289.11
Dues	2422	4/6/2017	CHK	So Cal Alliance of Publicly	\$538.00
				Dues Total	\$538.00

Santa Ana Watershed Project Authority
Check Detail
April 2017

Category	Check #	Check Date	Type	Vendor	Check Amount
Employee Reimbursement	EFT01175	4/6/2017	CHK	Richard Whetsel	\$109.05
Employee Reimbursement	EFT01184	4/6/2017	CHK	David Ruhl	\$186.97
Employee Reimbursement	EFT01200	4/14/2017	CHK	Mike Antos	\$64.84
				Employee Reimbursement Total	\$360.86
Equipment Rented	2416	4/6/2017	CHK	Konica Minolta Business Solutions	\$757.94
Equipment Rented	2423	4/6/2017	CHK	Mobile Mini	\$134.30
				Equipment Rented Total	\$892.24
Facility Repair/Maintenance	2419	4/6/2017	CHK	Burrtec Waste Industries Inc	\$75.52
Facility Repair/Maintenance	2425	4/6/2017	CHK	Robertson's Ready Mix	\$3,597.99
Facility Repair/Maintenance	2437	4/14/2017	CHK	Fred's Glass and Mirror	\$858.60
Facility Repair/Maintenance	2439	4/14/2017	CHK	United Rentals	\$9,646.58
Facility Repair/Maintenance	2445	4/20/2017	CHK	Tripac Marketing Inc.	\$90.34
Facility Repair/Maintenance	EFT01181	4/6/2017	CHK	Yeier Janitorial Service	\$1,370.00
Facility Repair/Maintenance	EFT01192	4/14/2017	CHK	Western Exterminator Co.	\$105.00
Facility Repair/Maintenance	EFT01209	4/20/2017	CHK	Alexander Pacific Electrical	\$215.00
Facility Repair/Maintenance	EFT01212	4/20/2017	CHK	Lawnscap Systems	\$1,390.00
				Facility Repair/Maintenance Total	\$17,349.03
Investments	WDL000004058	4/17/2017	WDL	US Bank Trust	\$515,867.69
Investments	WDL000004060	4/19/2017	WDL	US Bank Trust	\$248,000.00
Investments	WDL000004061	4/20/2017	WDL	US Bank Trust	\$248,000.00
				Investments Total	\$1,011,867.69
Lab Costs	EFT01183	4/6/2017	CHK	E. S. Babcock & Sons, Inc.	\$2,983.00
Lab Costs	EFT01193	4/14/2017	CHK	E. S. Babcock & Sons, Inc.	\$135.00
Lab Costs	EFT01204	4/20/2017	CHK	E. S. Babcock & Sons, Inc.	\$1,463.00
				Lab Costs Total	\$4,581.00
Legal Costs	2446	4/20/2017	CHK	Murphy & Evertz	\$342.00
Legal Costs	EFT01187	4/6/2017	CHK	Hunt Ortmann Palffy Nieves Dahl	\$68,080.13
				Legal Costs Total	\$68,422.13
Office Supplies	2433	4/14/2017	CHK	Konica Minolta Business Solutions	\$603.35
Office Supplies	2436	4/14/2017	CHK	Awards & Specialties	\$71.12
Office Supplies	EFT01179	4/6/2017	CHK	Capital One Commercial- 7003	\$642.57
				Office Supplies Total	\$1,317.04
Offsite Storage	EFT01205	4/20/2017	CHK	Iron Mountain	\$217.23
				Offsite Storage Total	\$217.23
Other Expense	2421	4/6/2017	CHK	Culver Company	\$2,871.05
				Other Expense Total	\$2,871.05
Payroll	WDL000004050	4/14/2017	WDL	Direct Deposit 4/14/2017	\$78,719.06
Payroll	WDL000004051	4/14/2017	WDL	PR Tax - Federal	\$33,334.07
Payroll	WDL000004052	4/14/2017	WDL	PR Tax - State	\$6,970.93
Payroll	WDL000004055	4/28/2017	WDL	Direct Deposit 4/28/2017	\$83,203.83
Payroll	WDL000004062	4/28/2017	WDL	PR Tax - Federal	\$34,526.74
				Payroll Total	\$236,754.63
Prop 13	2420	4/6/2017	CHK	Norco, City of	\$41,366.04
				Prop 13 Total	\$41,366.04
Prop 84	2438	4/14/2017	CHK	City of Chino	\$37,479.68
Prop 84	2441	4/14/2017	CHK	City of Rialto	\$9,249.44
Prop 84	EFT01191	4/14/2017	CHK	Western Municipal Water District	\$34,676.90
Prop 84	EFT01213	4/20/2017	CHK	City of Chino Hills	\$1,083.00
				Prop 84 Total	\$82,489.02
Safety	2436	4/14/2017	CHK	Awards & Specialties	\$129.65
Safety	2440	4/14/2017	CHK	Mallory Safety and Supply	\$135.20
Safety	2442	4/20/2017	CHK	Imagetech	\$159.83
Safety	EFT01182	4/6/2017	CHK	Underground Service Alert	\$394.50
				Safety Total	\$819.18
Security	2443	4/20/2017	CHK	SafeT	\$350.55
				Security Total	\$350.55

Santa Ana Watershed Project Authority
Check Detail
April 2017

Category	Check #	Check Date	Type	Vendor	Check Amount
Shipping/Postage	2415	4/6/2017	CHK	Overnite Shipping	\$10.65
				Shipping/Postage Total	\$10.65
Uniforms	2442	4/20/2017	CHK	Imagetech	\$260.45
				Uniforms Total	\$260.45
Utilities	2414	4/6/2017	CHK	Verizon Wireless	\$447.09
Utilities	2417	4/6/2017	CHK	AT&T	\$1,079.70
Utilities	2418	4/6/2017	CHK	Southern California Edison	\$29.15
Utilities	2426	4/6/2017	CHK	Verizon Wireless	\$1,433.62
Utilities	2427	4/6/2017	CHK	AT&T	\$361.28
Utilities	2428	4/6/2017	CHK	Southern California Edison	\$210.34
Utilities	2431	4/14/2017	CHK	Riverside, City of	\$1,722.01
Utilities	2432	4/14/2017	CHK	Verizon Wireless	\$14.36
				Utilities Total	\$5,297.55
Payroll	WDL000004063	4/28/2017	WDL	PR Tax - State	\$7,176.00
				Payroll Total	\$7,176.00
				Grand Total	\$3,010,644.11

Accounts Payable

Checks	\$ 2,724,932.39
Wire Transfers	\$ 46,551.21
	<u>\$ 2,771,483.60</u>

Bank Fees

Take Care	\$ 2,405.88
Other	
Payroll	<u>\$ 236,754.63</u>
	<u>\$ 3,010,644.11</u>

Total Disbursements for April 2017

*Santa Ana Watershed Project Authority
Consulting
April 2017*

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments
EFT01206	4/20/2017	ACS100-09	IT Support	Accent Computer Solutions Inc.	\$ 42,000.00	\$ 3,471.50	\$ 34,977.00	
EFT01197	4/14/2017	CVS504-301-01	FAQ on Conservation Based Rates	CV Strategies	\$ 25,000.00	\$ 4,476.88	\$ 11,678.75	
EFT01208	4/20/2017	DUDK326-02	Reach V Rehabilitation and Improvement Project	Dudek	\$ 336,860.00	\$ 3,568.88	\$ 30,359.52	
EFT01210	4/20/2017	DEGR392-02	Social Media Support - EC TF	DeGrave Communications	\$ 30,000.00	\$ 1,889.99	\$ 1,721.91	
EFT01211	4/20/2017	HAMM326-01	Strategic Communication Services	Hammons Strategies	\$ 68,000.00	\$ 4,500.00	\$ 19,250.00	
EFT01202	4/20/2017	RISK374-06	Basin Monitoring TF	Risk Sciences	\$ 73,000.00	\$ 3,584.37	\$ 29,622.43	
EFT01185	4/6/2017	RMC504-401-01	SARCCUP Program Mgmt Services	RMC Water and Environment	\$ 310,429.00	\$ 21,869.37	\$ 101,101.52	
EFT01207	4/20/2017	TRU240-19	Water Quality Monitoring Investigaion	Trussell Technologies Inc.	\$ 34,638.00	\$ 1,589.00	\$ 20,018.00	
EFT01207	4/20/2017	TRU240-18	2017 Brine Line Annual Review	Trussell Technologies Inc.	\$ 48,579.00	\$ 262.30	\$ 32,086.50	
EFT01198	4/14/2017	VALI326-04	Reach V Rehabilitation - Phase 1, Tasks 3&4	Vali Cooper & Associates	\$ 1,252,400.00	104516.38	\$ 1,064,846.89	
EFT01198	4/14/2017	VALI326-02	Reach V Rehabilitiaton & Improvements - Construction Management	Vali Cooper & Associates	\$ 1,445,209.00	57129.63	\$ -	
EFT01203	4/20/2017	WCA100-03-02	State Legislative Consulting Services FY16-18	West Coast Advisors	\$ 345,000.00	\$ 11,500.00	\$ 183,000.00	
						\$ 218,358.30		

COMMISSION MEMORANDUM NO. 2017.75

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Inter-Fund Borrowing – April 2017
PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission receive and file the informational report on short-term, cash-flow inter-fund borrowing.

DISCUSSION

On December 13, 2005, the Commission approved Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. Staff was directed to bring back an accounting of the loans each month for review when the total exceeded \$250,000 in aggregate.

The following projects, with negative cash flow, are listed below with the amounts borrowed from SAWPA General Fund Reserves in April 2017. The total amount borrowed is over the aggregate \$250,000 amount recommended in Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. The Commission has requested that this item be brought back each month as an informational item when the loan amount is over the \$250,000 aggregate amount.

Fund	Fund Name	03/31/17 Balance	Loan Receipts	New Charges	04/30/17 Balance
130	Proposition 84 Admin	\$80,521.83	(\$0.00)	\$4,504.56	\$85,026.39
135	Proposition 84 Admin R2	83,692.68	(0.00)	7,187.87	90,880.55
140	Proposition 84 Admin R3	23,718.10	(15,918.14)	27,251.80	35,051.76
145	Proposition 84 Admin R4	314,450.20	(0.00)	7,041.93	321,492.13
398	Proposition 1 – DACI Grant	66,680.25	(0.00)	4,699.55	71,379.80
477	LESJWA Administration	16,183.14	(17,585.21)	16,692.69	15,290.62
504	Prop 84 - Drought Projects	79,990.15	(24,152.62)	26,257.91	82,095.44
504	Prop 84 – SARCCUP Projects	124,194.69	(0.00)	26,542.36	150,737.05
	Total Funds Borrowed	\$789,431.04	(\$57,655.97)	\$120,178.67	\$851,953.74
	General Fund Reserves Balance		\$3,243,945.20		
	Less Amount Borrowed		<u>851,953.74</u>		
	Balance of General Fund Reserves		\$2,391,991.46		

The following table lists each fund that has a negative cash flow, the source of funding for the fund, how often the fund is billed, and the projected rate of payment for the fund.

NEGATIVE CASH-FLOW FUNDS

Fund No.	Source of Funding	Billing Frequency	Projected Payment Time
130,135,140, 145 – Proposition 84 Admin	DWR – Prop 84 Grant	Monthly	Up to 6 months
398 – Proposition 1 – DACI Grant	DWR – Prop 1 Grant	Monthly	Up to 6 months
477 – LESJWA Admin	Reimbursement from LESJWA	Monthly	2 to 4 weeks
504 - Proposition 84 Drought Projects	DWR – Prop 84 Grant	Monthly	Up to 6 months
504 – Proposition 84 SARCCUP Projects	DWR – Prop 84 Grant	Monthly	Up to 6 month

Fund 130

The outstanding balance of the funds due from DWR is the mandatory 10% retention from each invoice billed. Retention funds will not be released until the Proposition 84 Round I contract is completed in 2017.

Fund 135

This fund is for the administration of Proposition 84 Round II grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

Fund 140

This fund is for the administration of Proposition 84 Drought Round grant funds. These funds will be billed monthly and 10% will be withheld for retention.

Fund 145

This fund is for the administration of Proposition 84 Round 2015 grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

Fund 398

This fund is for the Proposition 1 DACI grant project. These funds will be billed monthly once the contracts with DWR have been signed.

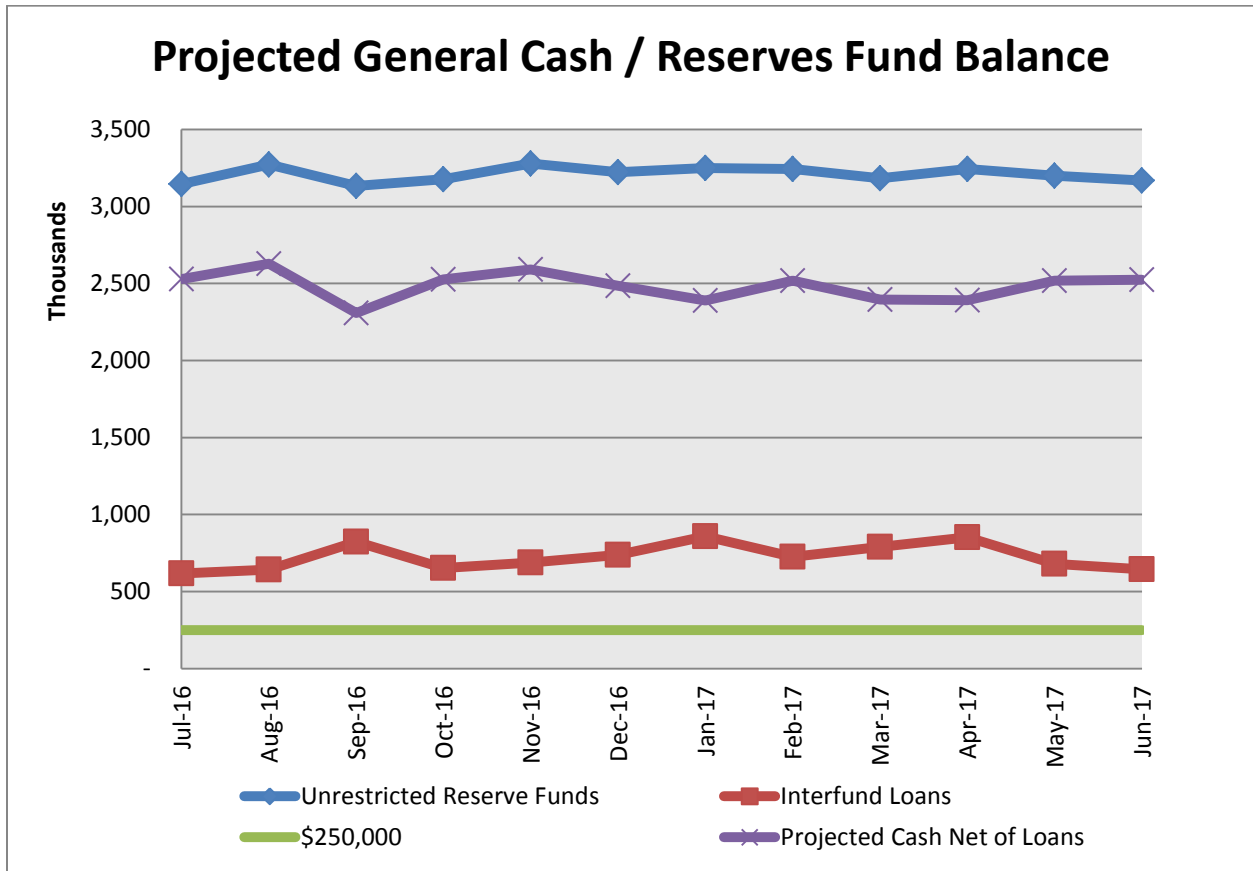
Fund 477

Each month LESJWA is billed the cost for administering the JPA. Once the bill is received, LESJWA submits payment within two weeks.

Fund 504

This fund is for the implementation of drought related projects and SARCCUP projects which are administered through PA-22 and PA23.

The following graph shows projected inter-fund loan balances, total unrestricted General Fund Reserves available for loans, and projected cash net of loans through June 2017. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2017 because of Proposition 84 Grants, but can be covered by General Fund Reserves without a major impact on cash flow.



RESOURCE IMPACTS

The funds borrowed from the General Fund Reserves will be paid back with interest when the funding is received. Interfund loans for grants are not charged interest unless the grant contracts specifically states interest is eligible for reimbursement. There is sufficient cash available to cover proposed borrowings and to pay budgeted expenditures for the General Fund.

Page Intentionally Blank

COMMISSION MEMORANDUM NO. 2017.76

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: Performance Indicators and Financial Reporting – April 2017
PREPARED BY: Karen Williams, Chief Financial Officer

RECOMMENDATION

It is recommended that the Commission receive and file staff's report.

DISCUSSION

The attached reports have been developed to keep the Commission informed as to SAWPA's business and budget performance. These reports are categorized into the following groups: financial reporting, cash and investments, and performance indicators. They are explained in detail below. As new reports are developed, they will be added for the Commission's review.

Financial Reporting

Balance Sheet by Fund Type	Lists total assets, liabilities, and equity by fund type for a given period.
Revenue & Expense by Fund Type	Lists total revenue and expenses by fund type for a given period.
Receivables Management	Shows total outstanding accounts receivable by age.
Open Task Order Schedule	Shows SAWPA's total outstanding obligation for open task orders.
Debt Service Funding Analysis	Shows total annual income by source used to make debt service payments through debt maturity at FYE 2033.
Debt Service Payment Schedule	Shows total debt service interest and principal payments through debt maturity at FYE 2033.

Cash and Investments

Total Cash and Investments (chart)	Shows the changes in cash and investments balance for the last twelve months.
Cash Balance & Source of Funds	Shows total cash and investments for all SAWPA funds and the types of investments held for each fund.
Cash & Investments (pie chart)	Shows total cash and investments for all SAWPA funds and the percentage of each investment type.
Reserve Account Analysis	Shows changes to each reserve account for the year and projected ending balance for each.
Twelve Month Security Schedule (chart)	Shows the maturity dates for securities held and percentage of securities in each category.
Treasurer's Report	Shows book and market value for both Treasury strips and securities held by the Agency.

Performance Indicators

Average Daily Flow by Month	Shows total flow in the SARI System by month compared to total treatment capacity owned. This is an indicator of the available capacity in the line. As we add yearly flows, it will show trends in flow throughout the year.
Summary of Labor Multipliers	Summarizes the information generated from the following two reports and compares the actual benefit and G&A Allocation rates to the total budgeted rates.
General Fund Costs	Lists total Fund No. 100 costs to date and the amount of those costs recovered through the G&A Allocation and member contributions.
Benefit Summary	Lists total employee benefit costs actual to budget and projects them through the end of the year. This report compares how the actual benefit rate compares to the budgeted rate.
Labor Hours Budget vs. Actual	Shows total budgeted hours for each project and compares them to the actual hours charged to each.

RESOURCE IMPACTS

Staff expects minimal impacts to SAWPA or its member agencies related to this effort.

Attachments:

- | | |
|---------------------------------------|---|
| 1. Balance Sheet by Fund Type | 9. Reserve Account Analysis |
| 2. Revenue & Expense by Fund Type | 10. Twelve-Month Maturity Schedule - Securities |
| 3. Accounts Receivable Aging Report | 11. Treasurer's Report |
| 4. Open Task Order Schedule | 12. Average Daily Flow by Month |
| 5. Debt Service Funding Analysis | 13. Summary of Labor Multipliers |
| 6. Debt Service Payment Schedule | 14. General Fund Costs |
| 7. Total Cash and Investments (chart) | 15. Benefits |
| 8. Cash Balance & Source of Funds | 16. Labor Hours Budgeted vs. Actual |

Santa Ana Watershed Project Authority
Balance Sheet by Fund Type
For the Nine Months Ending Friday, March 31, 2017

	Capital Projects	Grants/ Contracts	Planning	Collaborative Projects	SAWPA General	Brine Line Enterprise	Fund Totals
Assets							
Current Assets							
Cash and Investments	(\$4,585,875.15)	(\$423,502.65)	\$319,638.76	\$2,245,547.25	\$4,000,696.87	\$52,119,584.05	\$53,676,089.13
Accounts Receivable	0.00	2,315,748.04	0.00	20,180.00	46,000.00	1,961,616.40	4,343,544.44
Installment Notes Receivable	0.00	0.00	0.00	0.00	0.00	3,824,743.86	3,824,743.86
Interest Receivable	0.00	0.00	0.00	0.00	0.00	73,993.39	73,993.39
Prepays and Deposits	0.00	0.00	0.00	0.00	496,814.63	102,989.57	599,804.20
Total Current Assets	(4,585,875.15)	1,892,245.39	319,638.76	2,265,727.25	4,543,511.50	58,082,927.27	62,518,175.02
Fixed Assets							
Property, Plant & Equipment less accum depreciation	0.00	0.00	0.00	0.00	1,161,154.18	64,256,014.28	65,417,168.46
Work In Process	16,373,293.04	0.00	0.00	0.00	0.00	0.00	16,373,293.04
Total fixed assets	16,373,293.04	0.00	0.00	0.00	1,161,154.18	64,256,014.28	81,790,461.50
Other Assets							
Wastewater treatment/disposal rights, net of amortization	0.00	0.00	0.00	0.00	0.00	29,285,063.18	29,285,063.18
Inventory - Mitigation Credits	0.00	0.00	0.00	1,910,560.00	0.00	0.00	1,910,560.00
Total Other Assets	0.00	0.00	0.00	1,910,560.00	0.00	29,285,063.18	31,195,623.18
Total Assets	\$11,787,417.89	\$1,892,245.39	\$319,638.76	\$4,176,287.25	\$5,704,665.68	\$151,624,004.73	\$175,504,259.70
Liabilities and Fund Equity							
Current Liabilities							
Accounts Payable/Accrued Expenses	\$1,761,900.83	\$1,461,042.88	\$1,592.48	\$131,634.88	\$631,970.36	\$1,764,557.30	\$5,752,698.73
Accrued Interest Payable	0.00	0.00	0.00	0.00	0.00	313,728.28	313,728.28
Noncurrent Liabilities							
Long-term Debt	4,009,074.68	0.00	0.00	0.00	2,247,501.00	19,912,272.94	26,168,848.62
Deferred Revenue	0.00	0.00	0.00	0.00	0.00	75,229,441.50	75,229,441.50
Total Liabilities	5,770,975.51	1,461,042.88	1,592.48	131,634.88	2,879,471.36	97,220,000.02	107,464,717.13
Fund Equity							
Contributed Capital	0.00	0.00	0.00	0.00	0.00	20,920,507.03	20,920,507.03
Retained Earnings	6,063,498.44	343,590.42	196,942.89	3,936,709.81	2,112,501.49	33,593,996.49	46,247,239.54
Revenue Over/Under Expenditures	(47,056.06)	87,612.09	121,103.39	107,942.56	712,692.83	(110,498.81)	871,796.00
Total Fund Equity	6,016,442.38	431,202.51	318,046.28	4,044,652.37	2,825,194.32	54,404,004.71	68,039,542.57
Total Liabilities & Fund Equity	\$11,787,417.89	\$1,892,245.39	\$319,638.76	\$4,176,287.25	\$5,704,665.68	\$151,624,004.73	\$175,504,259.70

Santa Ana Watershed Project Authority
Revenue & Expenses by Fund Type
For the Nine Months Ending Friday, March 31, 2017

	Capital Projects	Grants/ Contracts	Planning	Collaborative Projects	SAWPA General	Brine Line Enterprise	Fund Totals
Operating Revenue							
Discharge Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,442,840.99	\$8,442,840.99
Grant Proceeds	0.00	3,777,285.13	0.00	0.00	0.00	0.00	3,777,285.13
Financing Proceeds	0.00	152,659.59	0.00	0.00	0.00	0.00	152,659.59
Total Operating Revenue	0.00	3,929,944.72	0.00	0.00	0.00	8,442,840.99	12,372,785.71
Operating Expenses							
Labor	161.20	272,594.28	176,381.12	49,491.83	1,185,762.24	642,794.34	2,327,185.01
Benefits	69.96	118,305.92	76,549.37	21,479.48	390,085.52	278,972.78	885,463.03
Indirect Costs	254.53	430,426.38	278,505.78	78,147.62	0.00	1,014,972.28	1,802,306.59
Education & Training	0.00	0.00	0.00	0.00	8,014.82	180.00	8,194.82
Consulting & Professional Services	46,570.37	499,796.30	0.00	516,518.39	144,875.75	61,262.40	1,269,023.21
Operating Costs	0.00	1,684.80	0.00	0.00	2,283.59	2,541,898.83	2,545,867.22
Repair & Maintenance	0.00	0.00	0.00	0.00	47,227.61	180,503.82	227,731.43
Phone & Utilities	0.00	0.00	0.00	0.00	40,375.51	5,059.30	45,434.81
Equipment & Computers	0.00	0.00	0.00	0.00	127,184.42	16,680.22	143,864.64
Meeting & Travel	0.00	470.99	7,046.69	476.12	13,077.12	827.30	21,898.22
Other Administrative Costs	0.00	10,297.31	12,705.54	0.00	65,849.11	22,307.73	111,159.69
Benefits Applied	0.00	0.00	0.00	0.00	30,620.15	0.00	30,620.15
Indirect Costs Applied	0.00	0.00	0.00	0.00	(2,069,997.50)	0.00	(2,069,997.50)
Other Expenses	0.00	0.00	0.00	0.00	25,187.31	104,231.71	129,419.02
Construction	0.00	2,844,912.98	0.00	0.00	0.00	0.00	2,844,912.98
Total Operating Expenses	47,056.06	4,178,488.96	551,188.50	666,113.44	10,545.65	4,869,690.71	10,323,083.32
Operating Income (Loss)	(47,056.06)	(248,544.24)	(551,188.50)	(666,113.44)	(10,545.65)	3,573,150.28	2,049,702.39
Nonoperating Income (Expense)							
Member Contributions	0.00	165,215.00	670,000.00	161,104.00	699,305.00	0.00	1,695,624.00
Other Agency Contributions	0.00	170,000.00	0.00	603,678.00	0.00	0.00	773,678.00
Interest Income	0.00	941.33	2,291.89	9,274.00	12,535.95	244,709.40	269,752.57
Interest Expense - Debt Service	0.00	0.00	0.00	0.00	0.00	(546,559.70)	(546,559.70)
Other Income	0.00	0.00	0.00	0.00	1,448.83	0.00	1,448.83
Use of Reserves	0.00	0.00	0.00	0.00	(107,051.12)	0.00	(107,051.12)
Total Nonoperating Income (Expense)	0.00	336,156.33	672,291.89	774,056.00	606,238.66	(301,850.30)	2,086,892.58
Excess Rev over (under) Exp	(\$47,056.06)	\$87,612.09	\$121,103.39	\$107,942.56	\$595,693.01	\$3,271,299.98	\$4,136,594.97

Aging Report
Santa Ana Watershed Project Authority
Receivables as of April 30, 2017

Customer Name	Project	Total	Current	0-30 Days	31-60 Days	61 and Over
City of Beaumont	Basin Monitoring	20,180.00				20,180.00
Chino Basin Desalter Authority	Brine Line	315,188.89		148,744.70	166,444.19	
Department of Water Resources	Prop 84, WECAN	2,138,161.76			165,222.34	1,972,939.42
Eastern Municipal Water District	Brine Line	298,944.86		145,488.13	153,456.73	
Inland Empire Utilities Agency	Brine Line	303,855.00		148,419.43	155,435.57	
Orange County Water District	Member Agency Contributions, SARCCUP Cost Share	77,043.00				77,043.00
San Bernardino Valley Municipal Water District	Brine Line, Basin Monitoring	255,865.87		79,262.43	86,914.37	89,689.07
Western Municipal Water District	Brine Line, SARCCUP Cost Share	780,394.28		376,789.74	403,604.54	
Total Accounts Receivable		4,189,633.66	-	898,704.43	1,131,077.74	2,159,851.49

Santa Ana Watershed Project Authority
Open Task Orders Schedule
As of April 2017

Task Order No. Project Contracts	Vendor No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager
PO3326	1699	A Cone Zone	Traffic Control Instrument Rentals	07/01/2016	06/30/2017	\$ 1,000.00	\$ 1,700.00	\$ 2,700.00	\$ 2,497.44	\$ 202.56	Carlos Quintero
PO3330	1983	Airgas USA LLC	Compressed Gas	07/01/2016	06/30/2017	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 86.04	\$ 913.96	Carlos Quintero
BART100-02	2116	Bartel & Associates	GASB 68 Actuarial Info.	04/06/2017	12/31/2017	\$ 1,200.00		\$ 1,200.00		\$ 1,200.00	Karen Williams
WO2017-23	1503	Camet Research	SO-1 Special Water Quality Analysis	08/29/2016	06/30/2017	\$ 4,500.00		\$ 4,500.00	\$ 3,375.00	\$ 1,125.00	Carlos Quintero
CARO240-03	1508	Carollo Engineering	Financial Planning Update 2016	08/05/2014	12/31/2016	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 11,695.75	\$ 3,304.25	Rich Haller
CDM384-14	1575	CDM Smith	2016 Triennial Report for MSAR TMDL	10/01/2015	06/30/2017	\$ 48,950.00	\$ 9,870.00	\$ 58,820.00	\$ 57,710.00	\$ 1,110.00	Rick Whetsel
CDM386-11	1575	CDM Smith	SAR Bacteria Monitoring Program	12/07/2015	06/30/2017	\$ 337,635.00	\$ 5,000.00	\$ 342,635.00	\$ 325,290.08	\$ 17,344.92	Rick Whetsel
CDM374-01	1575	CDM Smith	Triennial Ambient Water Quality Update Precomputation	08/15/2016	06/30/2017	\$ 349,960.00	\$ 19,200.00	\$ 369,160.00	\$ 182,904.93	\$ 186,255.07	Mark Norton
CDM374-02	1575	CDM Smith	CEQA Supplemental document & analysis for BPA	09/27/2016	04/30/2017	\$ 29,527.00	\$ 10,000.00	\$ 39,527.00	\$ 29,005.00	\$ 10,522.00	Mark Norton
CDM384-15	1575	CDM Smith	CBRP Implementation Support	02/08/2017	06/30/2017	\$ 12,135.00	\$ -	\$ 12,135.00	\$ 2,032.00	\$ 10,103.00	Mark Norton
Construction	2053	Charles King Company Inc	IEBL Reach V Rehabilitation & Improvement - Phase 1	10/31/2014	03/11/2016	\$ 12,561,316.00	\$ (4,375.12)	\$ 12,556,940.88	\$ 5,584,956.32	\$ 6,971,984.56	David Ruhl
WO2017-19	2070	City of Colton Police Department	Enforcement Santa Ana River Main Stem	08/10/2016	06/30/2017	\$ 6,200.00	\$ -	\$ 6,200.00	\$ 2,065.19	\$ 4,134.81	Ian Achimore
PO3285	2110	Community Action Partnership of San Bernardino	Green House Gas Contract - WECAN	06/20/2016	09/30/2017	\$ 868,153.00		\$ 868,153.00	\$ 9,383.64	\$ 858,769.36	Mike Antos
PO3289	2112	Community Action Partnership of Orange County	Green House Gas Contract - WECAN	06/27/2016	09/30/2017	\$ 16,628.00		\$ 16,628.00	\$ 3,623.58	\$ 13,004.42	Mike Antos
PO3377	2128	Community Action Partnership of Riverside	Green House Gas Contract - WECAN	10/31/2016	09/30/2017	\$ 85,000.00		\$ 85,000.00		\$ 85,000.00	Mike Antos
CVS504-301-01	1880	CV Strategies	FAQ on Conservation Based Rates	11/29/2016	06/30/2017	\$ 25,000.00		\$ 25,000.00	\$ 13,321.25	\$ 11,678.75	Ian Achimore
DEGR392-02	2086	DeGrave Communications	Social Media Support - EC TF	08/15/2016	06/30/2017	\$ 30,000.00		\$ 30,000.00	\$ 28,278.09	\$ 1,721.91	Mark Norton
DOUG240-01	2032	Douglas Environmental Group	Meter Calibration	06/29/2015	06/30/2017	\$ 34,330.00	\$ -	\$ 34,330.00	\$ 22,000.00	\$ 12,330.00	Carlos Quintero
DUDK326-02	1969	Dudek	Reach V Rehabilitation and Improvement Project	10/28/2014	04/30/2017	\$ 214,650.00	\$ 122,210.00	\$ 336,860.00	\$ 306,500.48	\$ 30,359.52	David Ruhl
DUDK326-04	1969	Dudek	Reach V Rehabilitation and Improvement Project Phase 2 Engineering	03/02/2016	04/30/2017	\$ 64,300.00	\$ -	\$ 64,300.00	\$ 55,386.50	\$ 8,913.50	David Ruhl
DUDK326-05	1969	Dudek	Litigation Support	11/28/2016	12/31/2017	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 4,945.00	\$ 20,055.00	David Ruhl
DUDK326-06	1969	Dudek	Reach V Rehabilitation - Phase I, Tasks 3-4	03/03/2017	06/30/2018	\$ 134,900.00		\$ 134,900.00		\$ 134,900.00	David Ruhl
ECOT397-01	2097	Ecotech	WECAN Landscaping Project	05/26/2016	09/30/2017	\$ 1,300,000.00		\$ 1,300,000.00	\$ 428,799.00	\$ 871,201.00	Mike Antos
ECOT397-02	2097	Ecotech	WECAN Landscaping Project	04/04/2017	10/30/2018	\$ 612,000.00		\$ 612,000.00		\$ 612,000.00	Mike Antos
WO2017-02	1404	E S Babcock	Brine Line Sample Collection & Analysis	07/12/2016	06/30/2017	\$ 87,000.00		\$ 87,000.00	\$ 45,064.00	\$ 41,936.00	Carols Quintero
GEOS374-01	2132	GeoScience Support Service	SAR WLA Model Update	02/01/2017	06/30/2018	\$ 249,800.00		\$ 249,800.00	\$ 74,002.50	\$ 175,797.50	Mark Norton
GMC397-01	2098	Green Media Creations	WECAN Outreach and Management	05/26/2016	09/30/2017	\$ 170,000.00	\$ -	\$ 170,000.00	\$ 103,435.55	\$ 66,564.45	Mike Antos
GMC397-02	2098	Green Media Creations	WVWD Turf Removal	04/11/2017	10/30/2018	\$ 80,000.00		\$ 80,000.00	\$ 168.71	\$ 79,831.29	Mike Antos
HAMM326-01	2105	Hammons Strategies	Strategic Communication Services	05/24/2016	03/17/2017	\$ 18,500.00	\$ 49,500.00	\$ 68,000.00	\$ 48,750.00	\$ 19,250.00	Rich Haller
HAZ240-06	1349	Haz Mat Trans Inc	On Call Debris Hauling and Disposal	06/29/2015	06/30/2017	\$ 35,040.00	\$ -	\$ 35,040.00	\$ 29,462.06	\$ 5,577.94	Carlos Quintero
HAZ240-07	1349	Haz Mat Trans Inc	On Call Draining and Emergency Clean Up	06/29/2015	06/30/2017	\$ 98,215.00	\$ -	\$ 98,215.00	\$ 5,055.00	\$ 93,160.00	Carlos Quintero
HOU240-01	2075	Houston Harris PCS Inc	On Call Pipeline Inspection Services	06/18/2015	06/30/2017	\$ 48,083.00	\$ -	\$ 48,083.00	\$ 22,094.85	\$ 25,988.15	Carlos Quintero
HOU240-02	2075	Houston Harris PCS Inc	Brine Line On Call Pipeline Cleaning Services	06/16/2015	06/30/2017	\$ 318,120.00	\$ 225,000.00	\$ 543,120.00	\$ 271,352.50	\$ 271,767.50	Carlos Quintero
WO2017-09	1032	Inland Empire Utilities Agency	Reach IV-A Upper Support	07/01/2016	06/30/2017	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	Carlos Quintero
INN240-02	1450	Innerline Engineering Inc	Brine Line On-Call Line Cleaning	06/29/2015	06/30/2017	\$ 46,900.00	\$ 50,000.00	\$ 96,900.00	\$ 58,091.34	\$ 38,808.66	Carlos Quintero
PO3331	2058	K&H Metals and Supplies	Materials & Supplies	07/01/2016	06/30/2017	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 927.54	\$ 1,072.46	Carlos Quintero
PO3375	2124	Local Government Commission	Civic Spark WaterCorps Services	10/17/2016	09/30/2017	\$ 37,000.00		\$ 37,000.00	\$ 20,202.40	\$ 16,797.60	Mike Antos
NATU240-02	1873	Natures Image Inc	ROW Maintenance	07/01/2015	06/30/2017	\$ 17,496.00	\$ -	\$ 17,496.00	\$ 11,096.14	\$ 6,399.86	Carlos Quintero

Santa Ana Watershed Project Authority
Open Task Orders Schedule
As of April 2017

Task Order No. Project Contracts	Vendor No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager
OMNI504-301-01	2085	OmniEarth Inc	Web Based Water Consumption Reporting	09/21/2015	12/31/2017	\$ 1,500,000.00	\$ -	\$ 1,500,000.00	\$ 709,324.00	\$ 790,676.00	Mark Norton
PO3280	1519	Orange County Coastkeeper	Green House Gas Contract - WECAN	06/07/2016	12/31/2017	\$ 92,520.00		\$ 92,520.00	\$ 78,428.68	\$ 14,091.32	Mike Antos
WO2017-15	1142	Orange County Water District	Bacteroides Analysis	07/01/2016	06/30/2017	\$ 25,000.00	\$ -	\$ 25,000.00		\$ 25,000.00	Rick Whetsel
WO2017-33	2018	Pechanga Band of Luiseno Indians	IE Brine Line Reach V Rehab Task 4 - Tribal Monitoring	01/24/2017	06/30/2017	\$ 7,200.00		\$ 7,200.00	\$ 3,977.78	\$ 3,222.22	David Ruhl
PRI240-01	2077	PRIMETECH Construction	On Call Potholing	06/29/2015	06/30/2017	\$ 34,400.00	\$ -	\$ 34,400.00	\$ -	\$ 34,400.00	Carlos Quintero
PO3327	1975	Republic Services	Disposal Fee	07/01/2016	06/30/2017	\$ 10,000.00		\$ 10,000.00	\$ 1,852.91	\$ 8,147.09	Carlos Quintero
RISK374-06	1174	Risk Sciences	Basin Monitoring TF	07/27/2016	06/30/2017	\$ 73,000.00	\$ -	\$ 73,000.00	\$ 43,377.57	\$ 29,622.43	Mark Norton
RISK384-08	1174	Risk Sciences	MSAR TMDL Task Force	07/12/2015	06/30/2017	\$ 87,300.00	\$ -	\$ 87,300.00	\$ 22,058.47	\$ 65,241.53	Rick Whetsel
RMC504-401-01	1980	RMC Water and Environment	SARCCUP Program Mgmt Services	09/12/2016	06/30/2017	\$ 310,429.00		\$ 310,429.00	\$ 209,327.48	\$ 101,101.52	Mark Norton
SAWA323-01	1420	Santa Ana Watershed Association	Habitat Mitigation in Prado Basin	01/29/2010	12/31/2016	\$ 245,000.00	\$ -	\$ 245,000.00	\$ 219,953.71	\$ 25,046.29	Carlos Quintero
SCH381-01	2144	Scheevel Engineering	Santa Ana Sucker Protection and Beneficial Use Project	04/18/2017	06/19/2017	\$ 96,725.00		\$ 96,725.00	\$ 8,125.00	\$ 88,600.00	Ian Achimore
SRI504-301-02	2009	Statistical Research Inc	Image Analysis & Outdoor area measurement	03/17/2016	12/31/2016	\$ 162,204.00	\$ 7,640.00	\$ 169,844.00	162,203.99	\$ 7,640.01	Dean Unger
SRI504-301-03	2009	Statistical Research Inc	Aerial Mapping - Dead vegetation classification	03/08/2017	05/01/2017	\$ 35,043.00		\$ 35,043.00		\$ 35,043.00	Dean Unger
TKE240-02	1995	TKE Engineering & Planning	Brine Line On-Call Land Surveying Services	06/26/2015	06/30/2017	\$ 30,300.00	\$ -	\$ 30,300.00	\$ 6,550.00	\$ 23,750.00	Carlos Quintero
PO3324	1961	Trench Shoring Inc	Facility Repair & Maintenance	07/01/2016	06/30/2017	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 1,919.52	\$ 80.48	Carlos Quintero
PO3328	1974	Tripac Marketing	Misc Maintenance Items	07/01/2016	06/30/2017	\$ 5,000.00		\$ 5,000.00	\$ 969.61	\$ 4,030.39	Carlos Quintero
TRU240-14	1915	Trussell Technologies Inc	S-01 Monitoring Point - Stinger-Probe Evaluation	06/12/2015	06/30/2016	\$ 25,016.00	\$ -	\$ 25,016.00	\$ 1,254.00	\$ 23,762.00	Rich Haller
TRU240-18	1915	Trussell Technologies Inc	2017 Brine Line Annual Review	09/22/2016	06/30/2017	\$ 48,579.00	\$ -	\$ 48,579.00	\$ 16,492.50	\$ 32,086.50	Rich Haller
TRU240-19	1915	Trussell Technologies Inc	Water Quality Monitoring Investigation	01/06/2017	06/30/2017	\$ 34,638.00		\$ 34,638.00	\$ 14,620.00	\$ 20,018.00	Rich Haller
PO3329	1771	United Storm Water Inc	Dewatering Bins, Ramps, Hauling Services	07/01/2016	06/30/2017	\$ 10,000.00		\$ 10,000.00	\$ 3,991.90	\$ 6,008.10	Carlos Quinto
VALI326-04	2034	Vali Cooper & Associates Inc	Reach V Rehabilitation - Phase I, Tasks 3&4	03/15/2017	06/30/2018	\$ 1,252,400.00		\$ 1,252,400.00	\$ 187,553.11	\$ 1,064,846.89	David Ruhl
PO3379 Construction	1853	WEKA	IEBL Reach V Rehab & Improvement Phase 1, Tasks 1-2	09/13/2016	01/18/2017	\$ 2,044,602.00	\$ 13,484,859.00	\$ 15,529,461.00	\$ 4,281,651.77	\$ 11,247,809.23	David Ruhl
WO2017-01	1217	Western Municipal Water District	Brine Line Operations & Maintenance	07/01/2016	06/30/2017	\$ 117,000.00		\$ 117,000.00	\$ 97,824.49	\$ 19,175.51	David Ruhl
WNDE100-05	1449	White Nelson Diehl Evans LLC	FYE 2017 Audit	05/08/2017	06/30/2018	\$ 26,370.00		\$ 26,370.00		\$ 26,370.00	Karen Williams
Annual Support Contracts											
ACS100-09	1842	Accent Computer Solutions	IT Support	04/11/2017	03/30/2018	\$ 42,000.00		\$ 42,000.00	\$ 7,023.00	\$ 34,977.00	Dean Unger
INSOL100-09	1648	Integrated Systems Solutions	GP Software Annual Technical Support	08/15/2016	06/30/2017	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 1,672.50	\$ 1,327.50	Dean Unger
INSOL100-08	1648	Integrated Systems Solutions	GP Upgrade and Encryption	08/15/2015	11/01/2016	\$ 5,940.00	\$ -	\$ 5,940.00	\$ 429.00	\$ 5,511.00	Dean Unger
PO3322	1544	County of Riverside	Gas for Vehicles	07/01/2016	06/30/2017	\$ 8,000.00	\$ -	\$ 8,000.00	\$ 4,118.37	\$ 3,881.63	Carlos Quintero
PO3323	2067	County of Riverside/Transportation	Diesel Fuel	07/01/2016	06/30/2017	\$ 4,000.00		\$ 4,000.00	\$ 2,257.52	\$ 1,742.48	Carlos Quintero
PO3325	2038	Riverside Transmission Center	Agency Vehicle Maintenance	07/01/2016	06/30/2017	\$ 3,500.00	\$ 3,000.00	\$ 6,500.00	\$ 4,601.16	\$ 1,898.84	Carlos Quintero
TTD100-02	2096	The Technology Depot	Phone System Support	09/06/2016	06/30/2017	\$ 4,000.00	\$ -	\$ 4,000.00	\$ 1,530.00	\$ 2,470.00	Dean Unger
TECH100-01	2095	Technology Systems	Website Tasks Support	01/19/2016	06/30/2016	\$ 3,400.00	\$ -	\$ 3,400.00	\$ 1,700.00	\$ 1,700.00	Dean Unger
WCA100-03-02	1326	West Coast Advisors	State Legislative Consulting Services FY16-18	11/24/2015	12/31/2018	\$ 345,000.00	\$ -	\$ 345,000.00	\$ 162,000.00	\$ 183,000.00	Celeste Cantú
WNDE100-04	1449	White Nelson Diehl Evans LLC	SAWPA Auditing Services	03/08/2016	06/30/2017	\$ 25,725.00	\$ -	\$ 25,725.00	\$ 23,675.00	\$ 2,050.00	Karen Williams
										\$ 24,655,411.96	

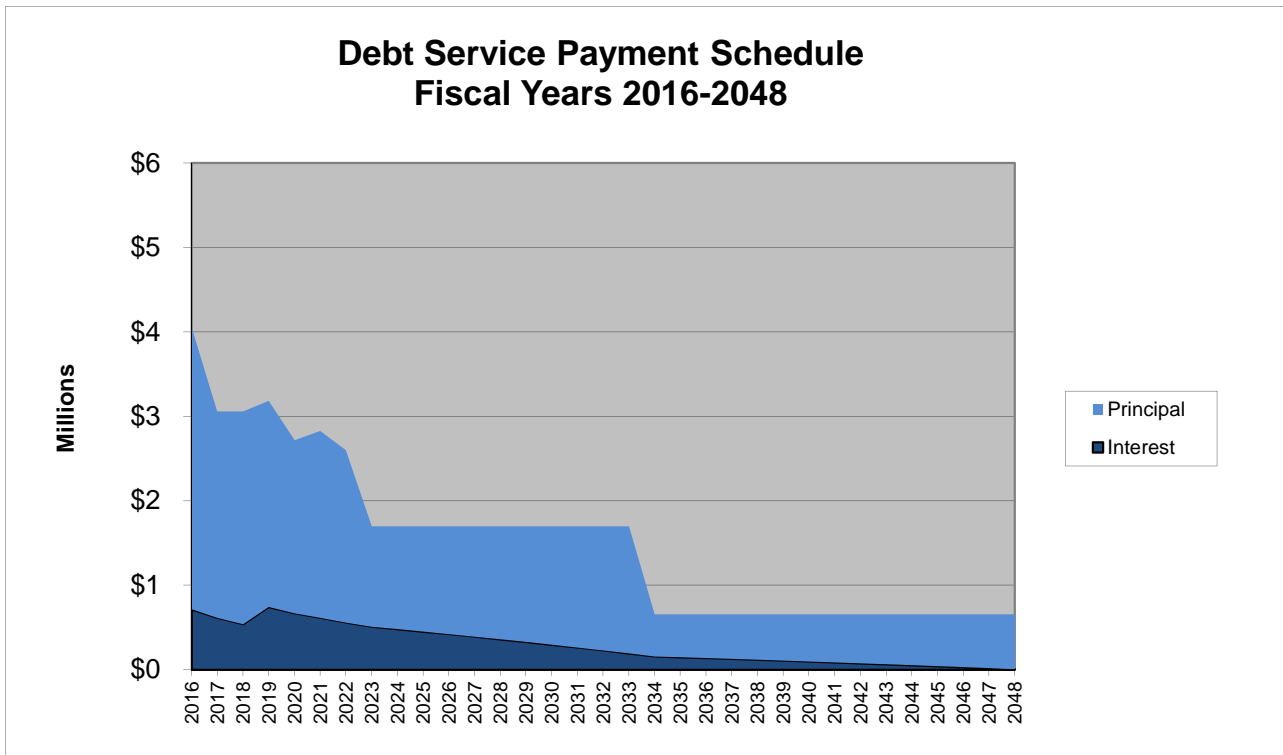
Santa Ana Watershed Project Authority
 Brine Line Debt Service Funding Analysis
 April 30, 2017

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						3,224,959
2016	1,824,000	2,006,158	1,044,273	(4,054,945)	64,499	883,985	4,108,944
2017	949,000	356,251	1,044,273	(3,060,725)	82,179	(629,022)	3,479,922
2018	949,000	356,251	1,044,273	(3,060,725)	69,598	(641,603)	2,838,319
2019	395,000	89,063	1,700,623	(3,839,501)	56,766	(1,598,048)	1,240,271
2020	395,000	-	1,700,623	(3,076,039)	24,805	(955,611)	284,660
2021	395,000	-	1,700,623	(3,483,251)	5,693	(1,381,935)	(1,097,275)
2022	395,000	-	1,700,623	(3,255,936)	(21,945)	(1,182,259)	(2,279,534)
2023	-	-	1,700,623	(2,356,973)	(45,591)	(701,941)	(2,981,474)
2024	-	-	1,700,623	(2,356,973)	(59,629)	(715,980)	(3,697,454)
2025	-	-	1,700,623	(2,356,973)	(73,949)	(730,299)	(4,427,753)
2026	-	-	1,700,623	(2,356,973)	(88,555)	(744,905)	(5,172,658)
2027	-	-	1,700,623	(2,356,973)	(103,453)	(759,803)	(5,932,462)
2028	-	-	1,700,623	(2,356,973)	(118,649)	(774,999)	(6,707,461)
2029	-	-	1,700,623	(2,356,973)	(134,149)	(790,499)	(7,497,961)
2030	-	-	1,700,623	(2,356,973)	(149,959)	(806,309)	(8,304,270)
2031	-	-	1,700,623	(2,356,973)	(166,085)	(822,436)	(9,126,706)
2032	-	-	1,700,623	(2,356,973)	(182,534)	(838,884)	(9,965,590)
2033	-	-	1,700,623	(1,700,623)	(199,312)	(199,312)	(10,164,902)
2034	-	-	656,350	(656,350)	(203,298)	(203,298)	(10,368,200)
2035	-	-	656,350	(656,350)	(207,364)	(207,364)	(10,575,564)
2036	-	-	656,350	(656,350)	(211,511)	(211,511)	(10,787,075)
2037	-	-	656,350	(656,350)	(215,742)	(215,742)	(11,002,817)
2038	-	-	656,350	(656,350)	(220,056)	(220,056)	(11,222,873)
2039	-	-	656,350	(656,350)	(224,457)	(224,457)	(11,447,330)
2040	-	-	656,350	(656,350)	(228,947)	(228,947)	(11,676,277)
2041	-	-	656,350	(656,350)	(233,526)	(233,526)	(11,909,803)
2042	-	-	656,350	(656,350)	(238,196)	(238,196)	(12,147,999)
2043	-	-	656,350	(656,350)	(242,960)	(242,960)	(12,390,959)
2044	-	-	656,350	(656,350)	(247,819)	(247,819)	(12,638,778)
2045	-	-	656,350	(656,350)	(252,776)	(252,776)	(12,891,553)
2046	-	-	656,350	(656,350)	(257,831)	(257,831)	(13,149,384)
2047	-	-	656,350	(656,350)	(262,988)	(262,988)	(13,412,372)
2048	-	-	656,350	(656,350)	(268,247)	(268,247)	(13,680,619)
	5,302,000	2,807,722	38,487,414	(58,946,726)	(4,555,988)	(16,905,579)	(13,680,619)

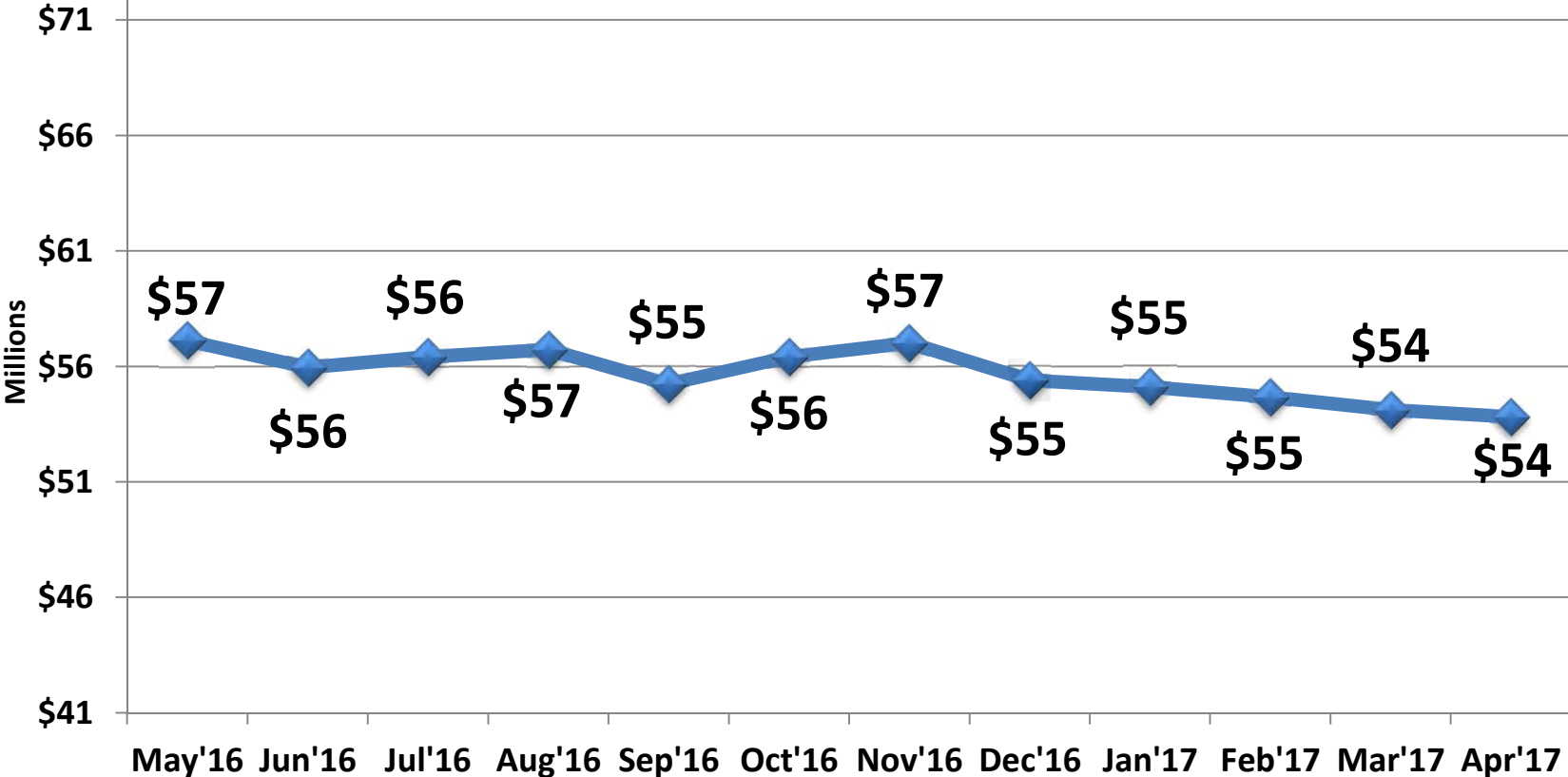
*Interest earned is based on a conservative 2.00% average return over the period

Santa Ana Watershed Project Authority
 Brine Line Debt Service Payment Schedule
 April 30, 2017

FYE	Interest	Principal	Total Payment	New SRF Loan	Remaining Principal
2016	716,441	3,338,504	4,054,945	-	22,045,090
2017	615,366	2,445,358	3,060,725	-	19,599,731
2018	539,727	2,520,997	3,060,725	15,000,000	32,078,734
2019	743,208	2,439,943	3,183,151	-	29,638,791
2020	669,973	2,049,717	2,719,689	-	27,589,074
2021	615,546	2,211,355	2,826,901	-	25,377,719
2022	559,727	2,039,860	2,599,586	-	23,337,860
2023	509,071	1,191,552	1,700,623	-	22,146,308
2024	480,853	1,219,771	1,700,623	-	20,926,537
2025	451,953	1,248,670	1,700,623	-	19,677,868
2026	422,357	1,278,266	1,700,623	-	18,399,601
2027	392,046	1,308,578	1,700,623	-	17,091,024
2028	361,002	1,339,621	1,700,623	-	15,751,403
2029	329,209	1,371,414	1,700,623	-	14,379,989
2030	296,647	1,403,976	1,700,623	-	12,976,013
2031	263,298	1,437,325	1,700,623	-	11,538,688
2032	229,143	1,471,480	1,700,623	-	10,067,208
2033	194,161	1,506,462	1,700,623	-	8,560,745
2034	158,332	498,018	656,350	-	8,062,728
2035	148,787	507,563	656,350	-	7,555,165
2036	139,059	517,291	656,350	-	7,037,874
2037	129,144	527,206	656,350	-	6,510,668
2038	119,040	537,310	656,350	-	5,973,358
2039	108,741	547,609	656,350	-	5,425,749
2040	98,246	558,104	656,350	-	4,867,645
2041	87,549	568,801	656,350	-	4,298,844
2042	76,647	579,703	656,350	-	3,719,141
2043	65,536	590,814	656,350	-	3,128,327
2044	54,213	602,137	656,350	-	2,526,190
2045	42,672	613,678	656,350	-	1,912,512
2046	30,910	625,440	656,350	-	1,287,072
2047	18,922	637,427	656,350	-	649,645
2048	6,705	649,645	656,350	-	0



Total Cash & Investments





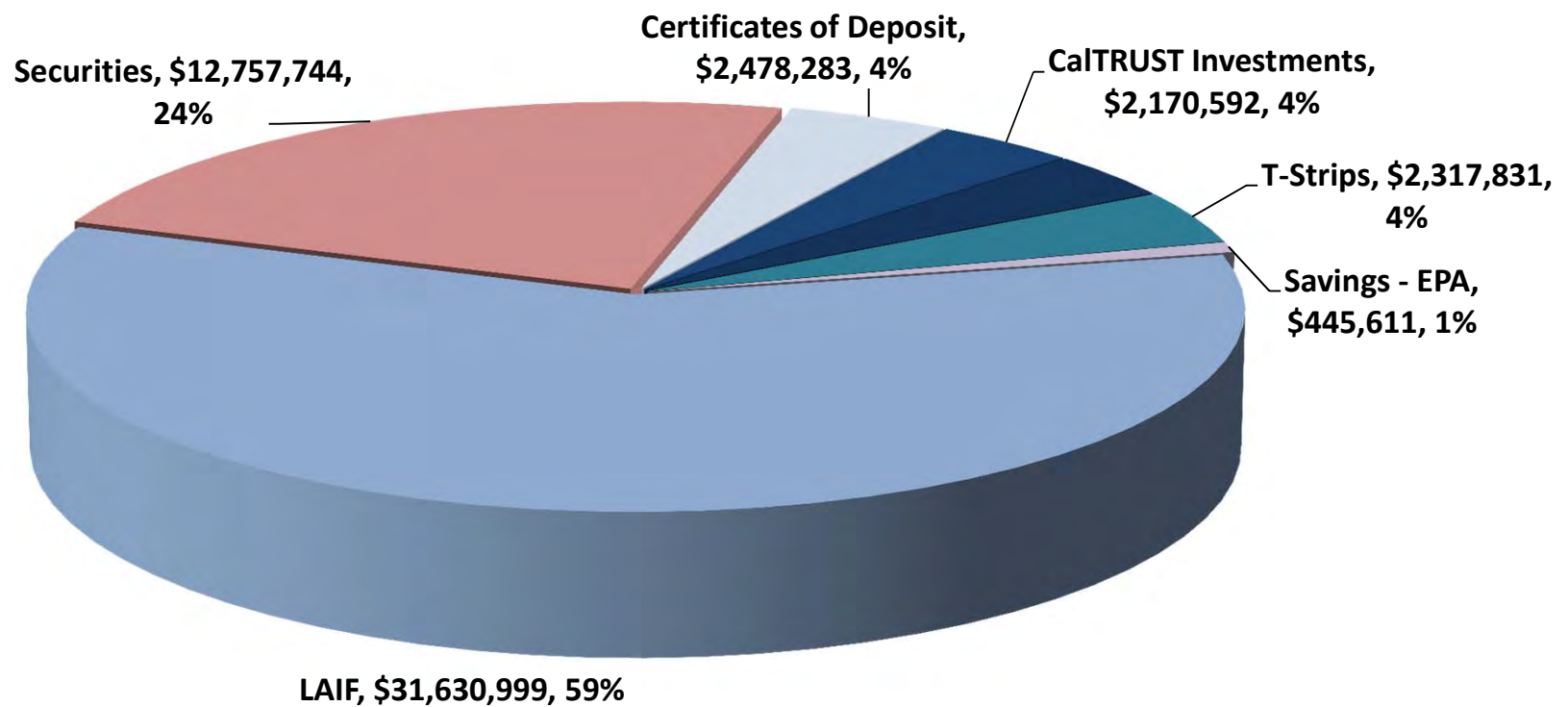
CASH BALANCE & SOURCE OF FUNDS

April 30, 2017

Reserve Accounts		Cash and Investments							
	Total	Checking (Cash)	CalTRUST Investments	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Treasury Strips	Total
100 General Fund	\$ 2,391,991	2,013,029	-	378,962	-	-	-	-	\$ 2,391,991
100 Building Reserve	\$ 818,646	-	-	818,646	-	-	-	-	\$ 818,646
370 Basin Planning General	\$ 113,174	-	-	113,174	-	-	-	-	\$ 113,174
370 USBR Partnership Studies	\$ 21,952	-	-	21,952	-	-	-	-	\$ 21,952
373 Watershed Management Plan	\$ 113,151	-	-	113,151	-	-	-	-	\$ 113,151
240 Self Insurance Reserve	\$ 3,829,515	-	-	3,829,515	-	-	-	-	\$ 3,829,515
240 Brine Line Debt Retirement	\$ 5,525,046	-	-	3,207,215	-	-	-	2,317,831	\$ 5,525,046
240 Brine Line - Pipeline Replacement	\$ 15,612,850	-	-	376,823	-	12,757,744	2,478,283	-	\$ 15,612,850
240 Brine Line - OCSD Rehabilitation	\$ 7,423,065	-	2,170,592	5,252,473	-	-	-	-	\$ 7,423,065
240 Brine Line - Capacity Management	\$ 7,833,456	-	-	7,833,456	-	-	-	-	\$ 7,833,456
240 Brine Line - OCSD Future Capacity	\$ 1,725,296	-	-	1,725,296	-	-	-	-	\$ 1,725,296
240 Brine Line - Flow Imbalance Reserve	\$ 84,608	-	-	84,608	-	-	-	-	\$ 84,608
240 Brine Line - Operating Reserve	\$ 4,831,782	-	-	4,831,782	-	-	-	-	\$ 4,831,782
401 Legal Defense Fund	\$ 445,611	-	-	-	445,611	-	-	-	\$ 445,611
372 Imported Water Recharge	\$ 11,921	-	-	11,921	-	-	-	-	\$ 11,921
374 Basin Monitoring Program TF	\$ 615,989	-	-	615,989	-	-	-	-	\$ 615,989
381 SAR Fish Conservation	\$ 187,202	-	-	187,202	-	-	-	-	\$ 187,202
384 Middle SAR TMDL TF	\$ 241,903	-	-	241,903	-	-	-	-	\$ 241,903
386 RWQ Monitoring TF	\$ 134,578	-	-	134,578	-	-	-	-	\$ 134,578
387 Mitigation Bank Credits	\$ 961,553	-	-	961,553	-	-	-	-	\$ 961,553
392 Emerging Constituents TF	\$ 93,532	-	-	93,532	-	-	-	-	\$ 93,532
397 Energy - Water DAC Grant	\$ 797,266	-	-	797,266	-	-	-	-	\$ 797,266
	\$ 53,814,089	\$ 2,013,029	\$ 2,170,592	\$ 31,630,999	\$ 445,611	\$ 12,757,744	\$ 2,478,283	\$ 2,317,831	\$ 53,814,089

Cash & Investments - April 2017

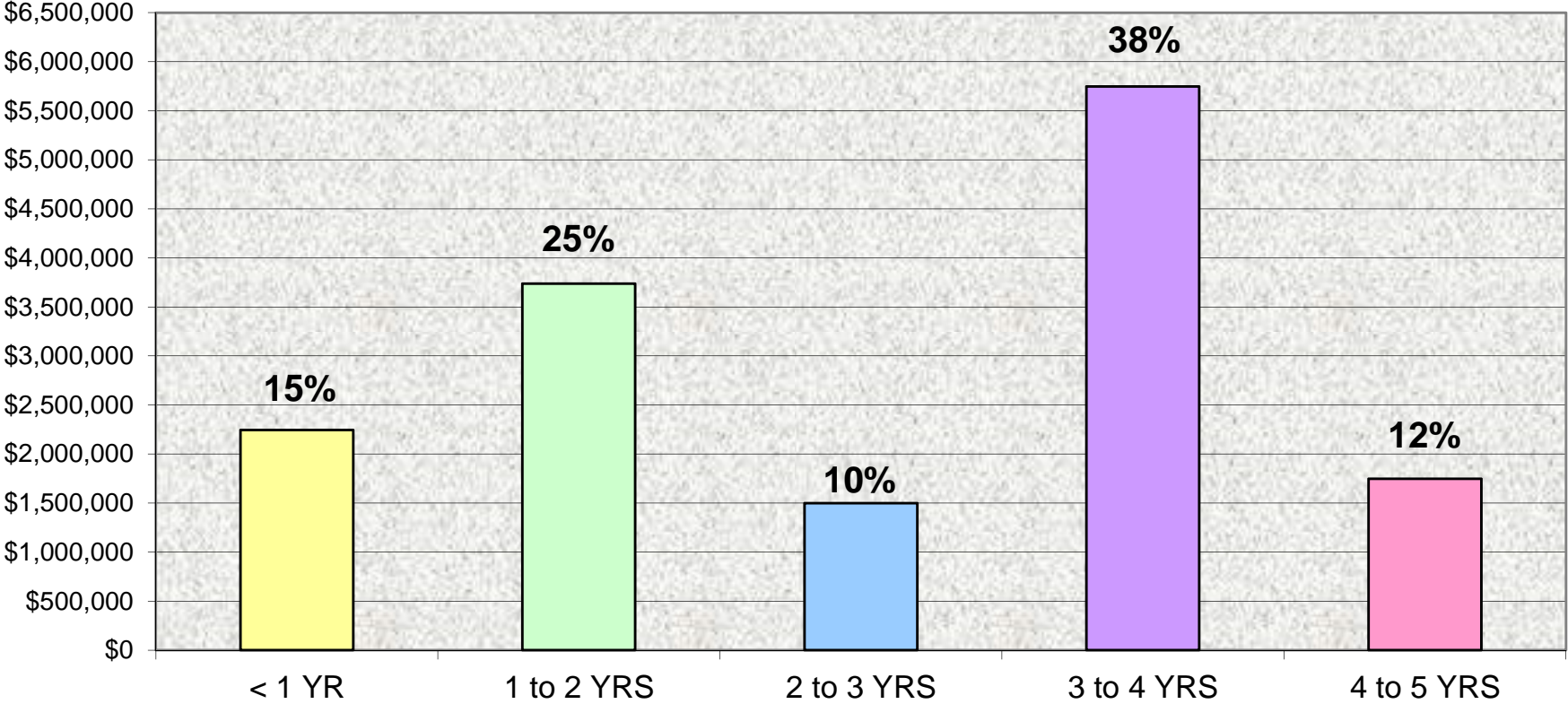
\$53,814,089



Santa Ana Watershed Project Authority
Reserve Account Analysis
April 30, 2017

Reserve Account	Balance @ 6/30/2016	Interest Earned	Fund Contributions	Loan/T-Strip Receipts	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 4/30/2017	Estimated Fund Changes	Balance @ 6/30/2017
Brine Line Operating Reserve	3,790,275	24,824	8,905,666				(7,888,984)	4,831,782	-	4,831,782
Flow Imbalance Reserve	83,084	669	855					84,608	-	84,608
OCSD Future Capacity	1,711,499	13,798						1,725,296	-	1,725,296
Capacity Management	7,197,751	46,811	588,894					7,833,456	-	7,833,456
Pipeline Replacement	19,919,329	111,817	833,333				(5,251,628)	15,612,850	3,093,299	18,706,149
OCSD Rehabilitation	6,949,290	57,099	416,677					7,423,065	83,323	7,506,388
Debt Retirement	3,954,338	27,407	1,467,813	601,188	(2,843,531)			3,207,215	(1,465,874)	1,741,341
Self Insurance	3,717,788	28,393	83,333					3,829,515	16,667	3,846,182
General Fund	2,267,163	19,692	703,380			(851,954)	253,710	2,391,991	-	2,391,991
Building Reserve	726,622	6,401	100,000				(14,376)	818,646	-	818,646
	46,325,606	336,911	13,099,952	601,188	(2,843,531)	(851,954)	(12,901,278)	47,758,425	1,727,415	49,485,839

Twelve Month Maturity Schedule Securities



Investment T-Strips
 Safekeeping US Bank

SAWPA
TREASURER'S REPORT
 As of April 30, 2017

T-STRIPS	Debt	Purchase Date	Maturity Date	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
USB	WEST RIV	07/09/1999	11/15/2017	334,000.00	106,493.00	227,507.44	66,752.26	267,247.74	331,868.41	6.33%
USB	WEST RIV	07/12/1999	05/15/2018	440,000.00	139,634.00	300,366.00	88,047.98	351,952.02	437,136.48	6.36%
USB	TVRI	02/11/2000	05/15/2020	1,580,000.00	485,356.25	1,094,643.75	371,081.77	1,208,918.23	1,543,742.96	6.41%
				\$ 2,354,000.00	\$ 731,483.25	\$ 1,622,517.19	\$ 525,882.01	1,828,117.99	\$ 2,312,747.85	6.37%

Investment Commercial
 Safekeeping US Bank

Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate
Agency	FHLMC	3/27/2014	3/27/2019	109.33	\$ 546,650.00	\$ 500,000.00	\$ 500,000.00	522,842.50	3.75%
Agency	FHLMC	9/16/2016	8/12/2021	100.00	\$ 990,060.00	\$ 1,000,000.00	\$ 1,000,000.00	970,816.00	1.125%
Agency	FHLMC	4/17/2017	1/13/2022	102.55	\$ 512,767.00	\$ 500,000.00	\$ 500,000.00	509,503.50	2.375%
Agency	FHLB	5/26/2015	6/14/2019	100.80	\$ 504,015.00	\$ 500,000.00	\$ 500,000.00	502,323.50	1.63%
Agency	FHLB	11/18/2015	8/28/2017	99.78	\$ 499,030.00	\$ 500,000.00	\$ 500,000.00	499,748.00	0.75%
Agency	FHLB	6/16/2016	6/12/2020	102.61	\$ 1,026,088.00	\$ 1,000,000.00	\$ 1,000,000.00	1,005,410.00	1.75%
Agency	FNMA	3/27/2014	2/19/2019	100.40	\$ 501,975.00	\$ 500,000.00	\$ 500,000.00	504,767.00	1.88%
Agency	FNMA	3/27/2013	3/27/2018	100.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	999,037.00	1.00%
Agency	FNMA	12/28/2015	12/28/2020	100.21	\$ 1,002,140.00	\$ 1,000,000.00	\$ 1,000,000.00	1,007,600.00	1.88%
Agency	FNMA	6/16/2016	11/30/2020	101.52	\$ 1,015,157.00	\$ 1,000,000.00	\$ 1,000,000.00	993,855.00	1.50%
Agency	USTN	11/17/2015	11/30/2018	100.00	\$ 1,002,500.00	\$ 1,000,000.00	\$ 1,000,000.00	1,000,664.00	1.25%
Agency	USTN	11/17/2015	10/31/2020	100.00	\$ 1,005,312.50	\$ 1,000,000.00	\$ 1,000,000.00	1,005,586.00	1.75%
Agency	USTN	11/17/2015	11/30/2019	100.00	\$ 1,001,210.94	\$ 1,000,000.00	\$ 1,000,000.00	1,003,438.00	1.50%
Agency	USTN	6/17/2016	8/31/2020	101.13	\$ 507,070.31	\$ 500,000.00	\$ 500,000.00	497,226.50	1.38%
Agency	USTN	6/16/2016	9/30/2020	101.12	\$ 506,992.19	\$ 500,000.00	\$ 500,000.00	496,836.00	1.38%
Agency	USTN	6/16/2016	10/31/2020	101.12	\$ 506,914.06	\$ 500,000.00	\$ 500,000.00	496,367.00	1.38%
CORP	Toyota Motor Credit	9/15/2016	7/13/2018	100.00	\$ 504,057.50	\$ 500,000.00	\$ 500,000.00	500,261.00	1.55%
CD	Ally Bank	4/20/2017	4/20/2020	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.80%
CD	American Exp Centurion	4/19/2017	4/19/2021	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.25%
CD	CIT Bank	3/13/2013	3/13/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	247,731.86	1.10%
CD	GE Capital Retail	1/31/2014	1/31/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,445.68	1.45%
CD	Capital Bank FL	5/27/2015	5/29/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.10%
CD	Compass Bank	5/29/2015	8/29/2017	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,089.84	1.00%
CD	Capital One Bank USA NA	9/30/2015	10/1/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.65%
CD	Capital One NA	9/30/2015	10/1/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.65%
CD	Wells Fargo Bank NA	12/2/2015	12/3/2018	100.00	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	245,000.00	1.45%
CD	National Bank of NY	6/18/2014	6/18/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.30%
					\$ 15,108,939.50	\$ 14,977,000.00	\$ 14,977,000.00	14,993,548.38	1.58%



SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	1,065,725	0.392
Total Payroll	2,717,742	
Gross Indirect Costs	2,451,590	
Less: Member Contributions & Other Revenue	(375,000)	
Indirect Costs for Distribution	2,076,590	
Direct Labor	1,416,554	1.466
Indirect Costs	2,076,590	

FY 2016-17 Labor multiplier - thru 04/30/17	1.858
FY 2015-16 Labor multiplier	<u>2.073</u>
FY 2014-15 Labor multiplier	<u>1.850</u>
FY 2013-14 Labor multiplier	<u>2.105</u>
FY 2012-13 Labor multiplier	<u>1.938</u>
FY 2011-12 Labor multiplier	<u>2.045</u>



INDIRECT COSTS

(to be Distributed)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 4/30/17</u>
51000	Salaries - Regular	\$ 1,301,188
52000	Benefits	\$ 426,935
60111	Tuition Reimbursement	\$ -
60112	Training	\$ 1,890
60113	Education	\$ 1,383
60114	Other Training & Education	\$ 5,551
60120	Audit Fees	\$ 23,675
60121	Consulting	\$ 137,132
60126	Temporary Services	\$ -
60128	Other Professional Services	\$ 1,300
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ -
60133	Employment Recruitment	\$ 1,759
60153	Materials & Supplies	\$ -
60154	Safety	\$ 2,284
60155	Security	\$ 1,594
60156	Custodial Contract Services	\$ 14,649
60157	Landscaping Maintenance	\$ 21,601
60158	HVAC	\$ 1,000
60159	Facility Repair & Maintenance	\$ 13,230
60160	Telephone	\$ 9,144
60161	Cellular / Paging Services	\$ 12,963
60163	Electricity	\$ 17,252
60164	Water Services	\$ 5,641
60170	Equipment Expensed	\$ 4,595

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 4/30/17</u>
60171	Equipment Rented	\$ 27,958
60172	Equipment Repair / Maintenance	\$ 11
60180	Computer Hardware	\$ 13,773
60181	Software / Updates / Licensing	\$ 73,270
60182	Internet Services	\$ 11,163
60183	Computer Supplies	\$ 2,143
60184	Computer Repair / Maintenance	\$ 382
60190	Offsite Meeting / Travel Expense	\$ 4,281
60191	In House Meetings	\$ 1,800
60192	Conference Expense	\$ 7,891
60193	Car, Repair, Maint	\$ -
60200	Dues	\$ 28,838
60202	Subscriptions	\$ 1,575
60203	Contributions	\$ 18,600
60210	Bank Charges	\$ 336
60211	Shipping / Postage	\$ 1,407
60212	Office Supplies	\$ 6,462
60213	Offsite Storage	\$ 1,845
60220	Commission Fees	\$ 10,880
60221	Commission Mileage Reimb.	\$ 3,580
60222	Other Commission Expense	\$ 124
60230	Other Expense	\$ 8,662
80000	Retiree Medical Expense	\$ 98,946
80001	Insurance Expense	\$ 25,187
80000	Building Repair/Replacement Reserve	\$ 83,333
13005	Fixed Assets	\$ 14,376

Total Costs \$ 2,451,590

Direct Costs Paid by Projects \$ 2,295,729
 Member Contribution Offset \$ 375,000
 \$ 2,670,729

Over allocation % 10.6%
 Over (Under) Allocation of General Fund Costs \$ 219,138



BENEFITS SUMMARY

(Distributed based on Actual Labor)

<u>G/L Acct</u>	<u>Description</u>	<u>Budget</u>	<u>Actual @ 4/30/17</u>	<u>Projected FYE 2017</u>
70101	FICA Expense	164,717 \$	129,986 \$	155,983
70102	Medicare Expense	45,897 \$	37,517 \$	45,020
70103	State Unemployment Insurance	6,300 \$	6,215 \$	6,300
70104	Worker's Compensation Insurance	55,513 \$	51,066 \$	61,279
70105	State Disability Insurance	21,764 \$	17,076 \$	20,491
70106	PERS Pension Plan	557,936 \$	425,015 \$	510,018
70111	Medical Expense	363,995 \$	314,822 \$	377,786
70112	Dental Expense	28,554 \$	20,835 \$	25,002
70113	Vision Insurance	7,299 \$	5,678 \$	6,814
70114	Life Insurance Expense	12,092 \$	10,730 \$	12,876
70115	Long Term Disability	15,017 \$	12,726 \$	15,271
70116	Wellness Program Expense	3,250 \$	1,152 \$	1,382
70117	401a Profit Sharing - Employers Contribution	4,907 \$	4,907 \$	4,907
70120	Car Allowance	30,000 \$	28,000 \$	33,600
	Total Benefits	1,317,241	1,065,725	1,276,731
	Total Payroll	3,135,315 \$	2,717,742 \$	3,261,290
	Benefits Rate	42.0%	39.2%	39.1%

Santa Ana Watershed Project Authority
 Labor Hours Budget vs Actual
 Month Ending April 30, 2017

Fund	Budget	Actual	%	
100	General & Administrative	25,603	20,444	79.85%
130	Prop 84 Round 1 Administration	570	589	103.38%
135	Prop 84 Round 2 Administration	830	764	92.08%
140	Prop 84 2014 Drought Administration	1,080	585	54.17%
145	Prop 84 Final Round Administration	3,390	904	26.67%
240	Brine Line Enterprise	17,055	14,045	82.35%
320	Brine Line Protection	415	5	1.08%
326	Reach V Capital Repairs	440	2,609	592.95%
327	Reach IV-D Corrosion Repairs	1,338	-	0.00%
370-01	General Basin Planning	2,286	1,969	86.11%
370-02	USBR Partnership Studies	110	30	26.82%
372	Imported Water Recharge	60	66	109.17%
373	Watershed Management Plan	1,640	2,153	131.27%
374	Basin Monitoring Program	325	548	168.54%
381	SAR Fish Conservation	113	161	142.21%
384-01	Chino TMDL Facilitation	170	188	110.29%
386MONIT	Storm Water Quality Standards TF	-	102	100.00%
386STORM	Storm Water Quality Standards TF	210	44	20.71%
387	Arundo Removal & Habitat Restoration	170	34	20.15%
392	Emerging Constituents	175	89	51.00%
396	Forest First	40	-	0.00%
397	Water-Energy Grant Administration	345	297	85.94%
397EXPAN	Water-Energy WVWD Administration	-	6	100.00%
398ADMIN	DACI Grant	-	322	100.00%
477TMDL	LESJWA - TMDL Task Force	590	684	115.89%
477-02	LESJWA - Administration	305	336	110.00%
504-301A	Prop 84 2014 Drought Implementation	660	323	48.98%
504-301C	Prop 84 2014 Drought Implementation	-	455	100.00%
504-4011	Prop 84 Final Round Implementation	-	101	100.00%
504-401PA23	Prop 84 Final Round Implementation	-	203	100.00%
		57,920	48,051	82.96%

Note: Should be at 83.33% of budget for 10 months

Page Intentionally Blank



Santa Ana Watershed Project Authority
 Staff - Expense Report
 3rd Quarter FYE 2017

Sum of Amount			Expn Type							
Staff	Posting Date	Activity	Airfare	Hotel	Meals	Mileage	Misc	Parking	Registration	Grand Total
Achimore	01/31/2017	Garden Grove City Hall - Council Workshop - 1/24/17					3.21			3.21
		Train Ride to MWD for CA Data Collaborative - Metrolink 1/25/17						18.50		18.50
	02/28/2017	CDFW Offices for Sucker Habitat Project 2/16/17					20.33			20.33
		Lunch at MWD for Data Collaborative - Manna Café 1/25/17			6.10					6.10
		PROP 1 Grants Meeting - Riverside County Garage 2/23/17							6.00	6.00
	03/31/2017	PROP 1 Grants Meeting 2/23/17					10.70			10.70
		Future of Cities Conference - 03/15/17					13.91			13.91
		Future of Cities Conference - 2/27/17								35.00
		Prado Basin Habitat Committee, 03/21/17					19.26			19.26
		SARCCUP Planning Managers Meeting, 03/07/17					16.05			16.05
Sucker Habitat Meetings, 03/09/17 and 03/14/17						29.96			29.96	
Water Use Efficiency Piller Meeting, 03/14/17						16.05			16.05	
Weed Management Area Meeting, 03/22/17					11.77			11.77		
Achimore Total					6.10	141.24	18.50	6.00	35.00	206.84
Antos	01/31/2017	LACI Water Cluster in LA 1/18/17					13.16			13.16
		PIT Training - Norco 1/10/17 & Moreno Valley 1/24/17				54.46			54.46	
		Roundtable of Regions - Drive to Airport 1/12/17				25.68			25.68	
		Roundtable of Regions - Meals 1/12/17			32.50				32.50	
		Roundtable of Regions Airport Parking 1/12/17							12.00	12.00
	02/28/2017	Amtrack Ticket to CWP in San Diego 2/23/17						74.00		74.00
		DAC1 Meetings on 2/21/17 and 2/27/17					43.34			43.34
		DACI Meeting at CSUSB Parking Lot							6.00	6.00
		Ecotech Meeting in Monrovia 2/1/17					21.99			21.99
	03/31/2017	San Bernardino for Meetings 2/22/17 and 2/27/17					62.49			62.49
WVWD Meeting in Rialto 2/8/17						35.90			35.90	
Catalinas List Meeting in Ontario 3/29/17						25.04			25.04	
Chapman Guest Lecture in Orange 3/3/17						39.80			39.80	
CUS San Bernardino Event Parking - 2/27/17								6.00	6.00	
Water Summit Airfare - Southwest, 3/7/17		137.88						137.88		
Water Summit in Sacramento - Eventbrite, 3/7/17							50.00	50.00		
Antos Total			137.88		32.50	321.86	124.00	24.00	640.24	
Berry	01/31/2017	GM Meeting Goods - Walmart 12/21/16						25.72		25.72
	02/28/2017	Lunch Meeting (Celeste, Larry, Susan Longville) - Wicks 2/15/17			28.24					28.24
	03/31/2017	ACWA Conference (Celeste) - ACWA, 3/13/17							699.00	699.00
ACWA Conference (Celeste) - Reservations.com, 3/13/17				568.48					568.48	
Berry Total				568.48	28.24		25.72	699.00	1321.44	
Blancas	03/31/2017	Commission Meeting Goods - Ralphps, 3/21/17						27.37		27.37
Blancas Total							27.37		27.37	
Lewis	01/24/2017	Staples for 1099 Forms 1/11/17					9.10			9.10
	02/28/2017	CSMFO Meeting Fees 2/28/17						30.00		30.00
Lewis Total							9.10	30.00	39.10	
McKenney	02/28/2017	Lunch Meeting (Celeste, Larry, Susan, Kati) - Wicks 1/30/17			44.07					44.07
McKenney Total					44.07				44.07	
Nolasco	03/29/2017	EVMWD for Splash Into Spring 3/25/17					38.68			38.68
Nolasco Total							38.68		38.68	

Norton	01/31/2017	IRWM Roundtable - ONT Airport parking				9.00		9.00		
		IRWM Roundtable - Sunshine Taxi 1/12/17			38.00		38.00			
		Multistate Salinity Coalition Summit - 1/10/17					350.00	350.00		
		Multistate Salinity Coalition Summit - Tuscan Suites 1/14/17	73.13					73.13		
	Roundtable of Regions Summit - Esquire Grille 1/12/17		20.47				20.47			
03/31/2017	Multistate Salinity Coalition Summit - Tuscan Suites, 3/3/17		74.27				74.27			
	Water Summit Airfare - Southwest, 2/28/17	260.88					260.88			
	Water Summit in Sacramento - Eventbrite, 2/28/17			50.00			50.00			
Norton Total			260.88	147.40	20.47	88.00	9.00	350.00	875.75	
Patterson	01/31/2017	Commission Workshop Goods - Ralps 1/3/17					27.36	27.36		
		SCIE ARMA Meeting - 1/6/17					30.00	30.00		
	02/28/2017	ARMA Meeting 2/15/17				18.19		18.19		
		SCIE ARMA Meeting - 2/9/17				20.00		20.00		
	03/29/2017	Costco for Ops supplies 3/14/17				3.21		3.21		
Costco for Steering Committee Goods 3/22/17					1.60		1.60			
Fuller Truck - Take and Pick-up Carlos 3/14/17					12.84		12.84			
03/31/2017	Luncheon/Presentation (Nicole) - OCWA, 3/13/17					40.00	40.00			
	OWOW Steering Committee Lunch - McGrath's, 3/23/17			430.89			430.89			
Patterson Total			430.89	35.84	117.36			584.09		
Plasencia	01/31/2017	OCSD Meeting 1/19/17				18.19		18.19		
	02/28/2017	CWEA Conference - Renaissance Hotel 2/9/17	209.00					209.00		
		CWEA Conference Registration 2/9/17						325.00		
	03/31/2017	Niagra Water Inspection 2/28/17				33.17		33.17		
Quarterly PT Inspections - 03/20/17 and 03/27/17					39.59		39.59			
Plasencia Total			209.00		90.95		325.00	624.95		
Quintero	01/31/2017	Strigelow Meeting 1/5/17				12.31		12.31		
Quintero Total						12.31		12.31		
Ruhl	01/31/2017	IEUA for Corps Prado Master Plan 1/19/17				18.73		18.73		
	02/28/2017	CWEA Workshop Long Beach 2/8/17				50.29		50.29		
		OCSD Meeting 3/1/17				40.66		40.66		
	03/31/2017	Toll Roads Charge for OCSD Meeting 3/1/17					2.35	2.35		
WMWD Pre Construction Meeting					10.70		10.70			
Ruhl Total					120.38	2.35		122.73		
Villa	01/31/2017	Commission Meeting Goods - Ralps 1/16/17				29.45		29.45		
		GM Meeting Goods - Ralps 1/9/17				48.06		48.06		
	02/28/2017	Commission Meeting Goods - Ralps 2/21/17				40.34		40.34		
		GM Meeting Goods - Ralps 2/14/17				22.62		22.62		
		Pretreatment Meeting Goods - Panera 2/23/17				27.98		27.98		
		Pretreatment Meeting Goods - Ralps 2/23/17				13.45		13.45		
		Steering Committee Meeting - EZ Cater 1/26/17			224.04			224.04		
03/31/2017	Commission Meeting Goods - Ralps, 3/06/17				37.42		37.42			
	GM Meeting Goods - Ralps, 3/13/17				26.86		26.86			
Villa Total					224.04	246.18		470.22		
Whetsel	02/28/2017	EVMWD for Canyon Lake Alum Project Site Visit 2/9/17				40.13		40.13		
		SBVMWD for B Tac Meeting 2/6/17				21.40		21.40		
Whetsel Total						61.53		61.53		
Williams	01/31/2017	CSMFO Conference - Southwest 1/18/17	137.88					137.88		
	02/28/2017	Budget Workshop Lunch - Claim Jumper 2/16/17			88.42			88.42		
		Budget Workshop Refreshments - Panera 2/16/17				30.57		30.57		
		CSMFO Conference - Holiday Inn 2/10/17	544.05					544.05		
		CSMFO Conference - ONT Airport Parking 2/10/17					36.00	36.00		
		CSMFO Conference - Starbucks 2/8/17			10.65			10.65		
		CSMFO Conference (w/IEUA CFO) - Cyprus Grille 2/8/17			50.49			50.49		
		CSMFO Conference Fuel - Arco 2/10/17					5.70	5.70		
		CSMFO Conference Meals 2/7/17-2/10/17			117.08			117.08		
		CSMFO Conference Rental Car - Advantage Car 2/10/17					166.95	166.95		
		03/31/2017	CSMFO Chapter Meeting - 2/27/17					30.00	30.00	
Williams Total			137.88	544.05	266.64	233.22	36.00	1217.79		
Grand Total			536.64	1468.93	1052.95	831.89	912.70	75.00	1409.00	6287.11



Santa Ana Watershed Project Authority
 General Manager - Expense Report
 3rd Quarter FYE 2017

Staff	Cantu
-------	-------

Sum of Amount		Expn Type			
Posting Date	Activity	Airfare	Meals	Parking	Grand Total
01/31/2017	Meeting w/Susan, Gil, & Larry - Wicks 1/17/17			51.10	51.10
	PPIC Sacramento - Southwest 1/3/17	97.88			97.88
	PPIC SWRCB, OPR - Southwest 1/3/17	117.88			117.88
01/31/2017 Total		215.76	51.10		266.86
02/28/2017	Desalination Conference - ACE Parking 2/2/17			10.00	10.00
02/28/2017 Total				10.00	10.00
03/31/2017	Lunch Meeting - Kabob Hot, 3/16/17		45.04		45.04
	OWOW Presentation at DWR - Southwest, 3/14/17	187.88			187.88
	Speaker at Public Policy Class - UCR Parking, 3/1/17			11.00	11.00
	Water Brain Trust in Sacramento - Southwest 3/10/17	321.89			321.89
03/31/2017 Total		509.77	45.04	11.00	565.81
Grand Total		725.53	96.14	21.00	842.67

Page Intentionally Blank

COMMISSION MEMORANDUM NO. 2017.77

DATE: June 20, 2017
TO: SAWPA Commission
SUBJECT: OWOW Plan Update 2018 Status
PREPARED BY: Mike Antos, Senior Watershed Manager

RECOMMENDATION

It is recommended that the Commission receive and file this staff report.

DISCUSSION

The OWOW Plan Update 2018 is being conducted by the OWOW Pillars, ten stakeholder workgroups chaired by volunteer stakeholders (among them the member agency GMs), facilitated by the SAWPA Planning Department. Each Pillar is working separately, together in small groups as-needed, and every-other month together at one Pillar Integration Meeting.

Below are specific updates from the ten Pillars, as of June 5, 2017 (alphabetically):

Beneficial Use Assurance

The Pillar Chair delegate Greg Woodside is planning a June meeting using SAWPA's teleconferencing and on-line web conferencing tools.

Climate Change Response Pillar

Pillar Chair Jamie Ferro led a kick-off meeting May 22, where participants described the contribution they hope to make on the chapter update, and agreed to mark-up the existing chapter. Jack Simes suggested updated data from existing climate modeling may be available from USBR, and will look into cost. Future meetings will be scheduled.

Land Use and Water Planning

The SAWPA Pillar Liaison met with Pillar Chair Ken Gutierrez on May 30, 2017 and planned the Pillar's kick off meeting for June 21. An agenda and email contact list for Pillar participants has been finalized. Since the Mr. Gutierrez is a retiree and not funded by any agency or organization, on May 19th SAWPA executed a small task order with Mr. Guitierrez for his support services as Pillar chair.

Data Management & Monitoring

The Pillar Chair delegate Liz Hurst met with SAWPA Staff at the SAWPA OWOW Conference to discuss strategies for the Data Management & Monitoring Pillar and possible pillar participants. It is anticipated that a kickoff meeting will be scheduled in the near future.

Disadvantaged and Tribal Communities Pillar

Pillar Chair Gil Navarro led a meeting on May 20 where the group reviewed participant mark-up of the existing chapter. A new chapter outline was collectively written to be the frame of new chapters. A decision was made to separate the chapter into two parts, one for disadvantaged communities and one for

tribal engagement. The new outlines will be updated and become the framework for which people agree to write sections of the chapters.

Integrated Stormwater Management Pillar

This pillar met on May 31 led by Pillar Chair Jason Uhley and discussed the next steps from first comments on the existing chapter. The Pillar Chair delegate, Stuart McKibbin, will work on drafting a chapter outline for others to respond to, and agree to write particular sections.

Natural Resources Stewardship

The Pillar Chair Jeff Beehler led a kick off meeting on May 2. The group reviewed and shared the Chapter from OWOW 2.0 and asked members were asked to make edits. The group discussed possible goal updates.

Water Recycling

The Pillar Chair delegate Kelley Gage is working to schedule a kickoff meeting during the first two weeks of June at EMWD.

Water Resource Optimization

The SAWPA Pillar Liaison coordinated with the Pillar Chair delegate Bob Tincher, to establish a contact list as well as the database that will be used to track supply and demand calculations for the watershed. Chair Doug Headrick conducted a meeting for coordination with the Water Recycling Pillar and Stormwater Pillar on May 30, and a kick off meeting for the Water Resource Optimization Pillar will be scheduled soon.

Water Use Efficiency

A Pillar chair delegate Tim Barr indicated that a kick off meeting will be scheduled soon. A contact list for the workgroup has been finalized.

CRITICAL SUCCESS FACTORS

1.	Continued support from SAWPA commission of OWOW Steering Committee's decision making authority as a means of ensuring trust, transparency, and external communications.
2.	Active participation of a diverse group of stakeholders representing counties, cities, and water districts, as well as the private sector and the regulatory, environmental, and environmental justice communities who integrate the different interests in the watershed beyond political boundaries. Ensuring all perspectives are heard and valued.

RESOURCE IMPACTS

The OWOW Plan Update 2018 is supported by Fund 373, and a Department of Water Resources IRWM Planning Grant. Department of Water Resources has committed to the grant, though the grant has not yet been executed.

Attachments:
None