

SAWPA

A blue fountain pen with a silver nib is positioned diagonally across a financial chart. The chart features a line graph with a blue line and a bar chart with a black bar. A magnifying glass is visible on the right side of the chart, focusing on the line graph. The background is a light blue gradient.

Audit Services Contract

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a red line and the word 'RECOMMENDATION' written in blue ink. The background is a dark blue gradient.

Recommendation

- That the Commission award the contract for Audit Services for FYE 2018, 2019, and 2020, to Teaman, Ramirez & Smith, Inc. with an option for 2 additional years.

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a red line and some text, including the word 'AUDITOR'. A magnifying glass is visible in the upper right corner, focusing on the document. The background is a dark blue gradient.

Background

- SAWPA's practice has been to rotate Auditors every 3 to 5 years
- Current Auditor, White Nelson Diehl Evans LLP, has been under contract for 5 years
- Staff issued an RFP for Audit Services on February 20, 2018
- Sent RFP to 15 firms
- Received 9 Proposals
- FYE 2019 Budget for Audit Services - \$36,500



Proposals Received

Firm	FYE 2018	FYE 2019	FYE 2020
Brown Armstrong CPA	\$24,000	\$24,000	\$24,000
Teaman, Ramirez & Smith, Inc.	26,500	26,500	26,500
Fedak & Brown LLP	26,660	27,460	28,278
Lance, Soll & Lunghard, LLP	28,680	28,680	28,680
White Nelson Diehl Evans LLP	28,820	29,690	30,580
Eadie & Payne	29,500	30,425	31,350
The Pun Group	30,000	30,600	31,212
Van Lant & Fankhanel, LLP	32,400	32,400	32,400
Rogers, Anderson, Malody & Scott	33,800	33,800	35,100

Cost above does not include LESJWA's Audit



SAWPA Auditor History

Firm	# Years	FYE's
McGladrey & Pullen	4	1998 - 2001
Rogers, Anderson, Malody & Scott LLP	4	2002 - 2005
Teaman, Ramirez & Smith, Inc.	5	2006 - 2010
Charles Z. Fedak	2	2011 - 2012
White Nelson Diehl Evans LLP	5	2013 - 2017

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a red line and the word 'RECOMMENDATION' written in blue ink. The background is a dark blue gradient.

Recommendation

- That the Commission award the contract for Audit Services for FYE 2018, 2019, and 2020, to Teaman, Ramirez & Smith, Inc. with an option for 2 additional years.



Questions?

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REQUEST FOR PROPOSALS

INFORMATION TECHNOLOGY SERVICES

RECOMMENDATION

- It is recommended that the Commission authorize the issuance of a Request for Proposals (RFP) for Information Technology (IT) services commencing in fiscal year 2018-2019.

BACKGROUND

- Accent Computer Solutions – IT support provider since 2009
- Last RFP and selection occurred in 2016 (Accent)
- SAWPA IT Team consists of an IT Manager, Network Analyst and GIS Manager.

IT SERVICES

- 24 x 7 Support including Desktop support - SAWPA business hours
- Network and Server Infrastructure
- Security
- Office 365 / Exchange
- Server Monitoring
- Onsite and Offsite Backups
- WordPress Expertise / Audio Video Experience
- Hardware Acquisition Experience / State Procurement Contracts / NASPO

RECOMMENDATION

- It is recommended that the Commission authorize the issuance of a Request for Proposals (RFP) for Information Technology (IT) services commencing in fiscal year 2018-2019.

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Inland Empire Brine Line Reach 4 Protection

SAWPA Commission

Item 5.C

May 15, 2018

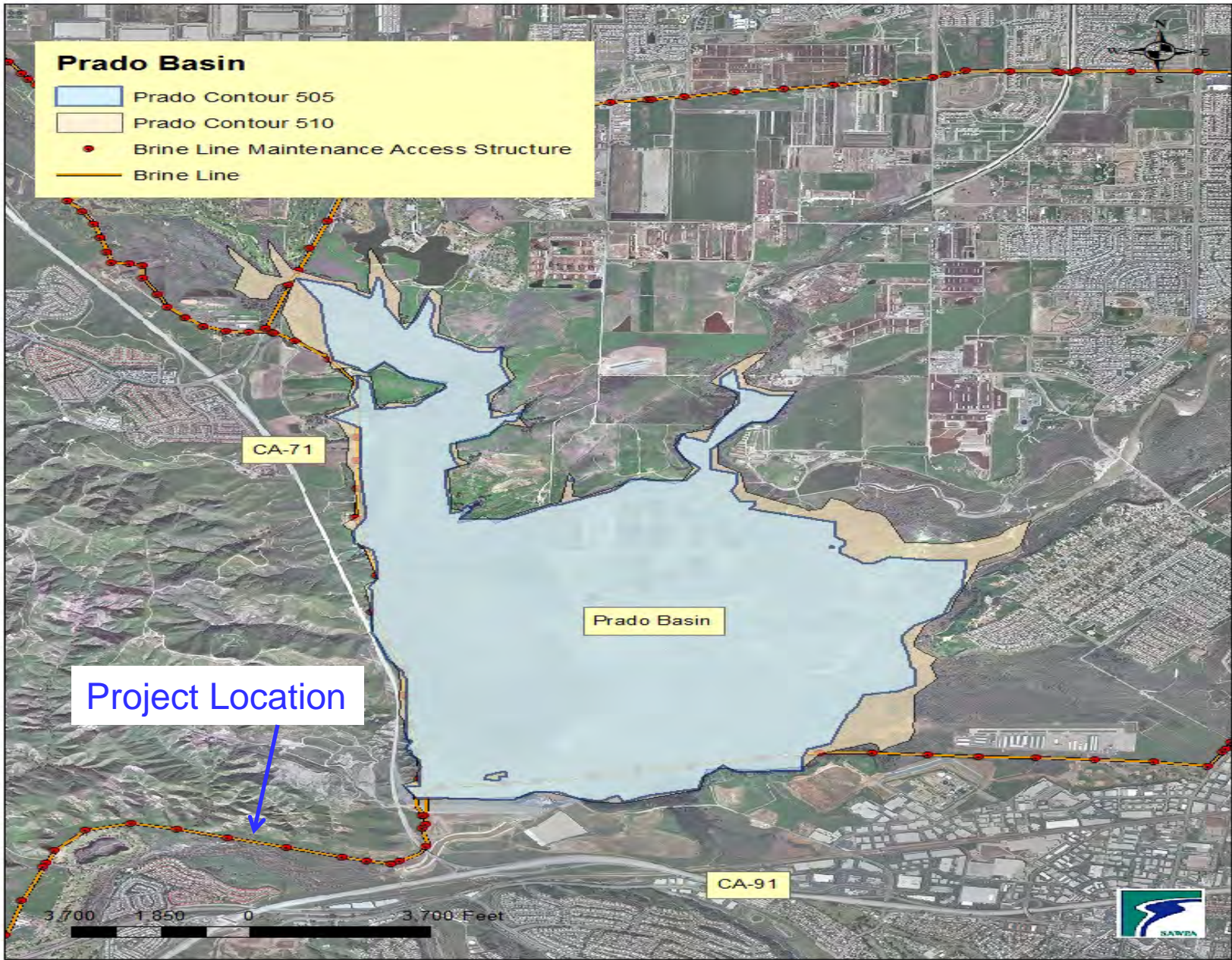
Brine Line Protection – Reach 4

Recommendation to Commission:

- Adopt Resolution No. 2018-04 approving Form Cal OES 130 designating the General Manager as the SAWPA authorized representative to accept Disaster Recovery funds under Public Law 93-228.

Prado Basin

- Prado Contour 505
- Prado Contour 510
- Brine Line Maintenance Access Structure
- Brine Line



Brine Line
Alignment



2017.01.30 11:15





2017.03.31 11:34

Project Costs

Concept	Cost
Labor	\$6,861.50
Equipment	\$4,372.50
Materials	\$3,597.99
Equipment (rental)	\$4,823.29
Contractual expenses	\$2,295.96
TOTAL	\$21,951.24
TOTAL Reimbursed	\$20,991.00

Brine Line Protection – Reach 4

Recommendation to Commission:

- Adopt Resolution No. 2018-04 approving Form Cal OES 130 designating the General Manager as the SAWPA authorized representative to accept Disaster Recovery funds under Public Law 93-228.

QUESTIONS??

Inland Empire Brine Line

FY18-19 Rates

May 15, 2018

Recommendation

- Adopt resolution 2018-05 establishing the new Inland Empire Brine Line rates to be effective July 1, 2018.

Brine Line Proposed Rates

- BOD & TSS are OCSD pass through charges
- Proposed FY18-19 rates based on FCS financial model
- Raftelis financial model to be used for FY19-20 rates
- OCSD Proposed increases for FY18-19:
 - BOD – 2%
 - TSS – 5.5 %
 - Flow – 7 %
- OCSD Proposed increases for FY19-20:
 - BOD – 6%
 - TSS – 5.5%
 - Flow – 6%

Indirect Dischargers

- Current charges based on a 4 tier system:
 - Brine (< 100 mg/L)
 - Tier 1 (100 – 999 mg/L)
 - Tier 2 (1,000 – 2,499 mg/L)
 - Tier 3 (> 2,500 mg/L)
- Recommend simplifying into a 2 tier system:
 - Brine (< 100 mg/L)
 - Non-Brine (> 100 mg/L)

Direct Dischargers

Proposed Rates FY18-19

FY	Flow/ MGD	BOD/1000 lbs	TSS/1000 lbs	Fixed Pipe (MGD)	Fixed T&D (MGD)
17-18	\$901	\$307	\$429	\$5,921	\$12,007
18-19	\$946	\$307	\$429	\$6,217	\$12,607
19-20*	\$979	\$316	\$442	\$6,398	\$12,985

*Rate for planning purposes only

Indirect Dischargers

Proposed Rates FY18-19

Strength	Current	FY18-19	FY19-20
Brine (< 100 mg/)	\$0.012	\$0.015	\$0.015
Tier 1 (100 – 999 mg/L)	\$0.017	N/A	N/A
Tier 2 (1,000 – 2,499 mg/L)	\$0.035	N/A	N/A
Tier 3 (> 2,500 mg/L)	See below	N/A	N/A
Tier 3 to charged at \$0.0029 per gallon, \$0.729/lb of BOD, \$0.695/lb of TSS			

PROPOSED TIERS/RATES FOR INDIRECT DISCHARGERS

Strength	Current	FY18-19 (per gal)	FY19-20 (per gal)
Brine (< 100 mg/L)	N/A	\$0.015	\$0.015
Non Brine (> 100 mg/L)	N/A	\$0.015 + BOD/TSS lbs	\$0.015 + BOD/TSS lbs
BOD		\$0.75 / lb	-
TSS		\$0.716 / lb	-

Proposed Permit Fees

Type of Permit	FY17-18 Fee	Proposed FY18-19 Fee
Direct Discharger	\$550	\$600
Indirect Discharger	\$250	\$300
Emergency Permits	\$1,000	\$1,100
Liquid Waste Hauler	\$225	\$250

Comments to Resolution

Recommended change (Page 3)

4. A sampling surcharge shall be applied to all BOD and TSS dischargers to account for the actual cost of necessary sampling and shall be assessed to all dischargers. Increased sampling is defined as any and all costs in excess of one sample per month. Increased sampling shall be determined solely by SAWPA and billed monthly. High BOD, TSS, or high variability dischargers will be sampled ~~weekly~~ or more frequently as required, and low BOD/TSS or low variability dischargers will be sampled monthly or quarterly as required to obtain reliable data.

SANTA ANA WATERSHED PROJECT AUTHORITY

Inland Empire Brine Line Rate Model

Commission Meeting - May 15, 2018



Introductions

- **Raftelis Financial Consultants, Inc. (Raftelis)**

- **Sanjay Gaur, Project Manager**

- E: sgaur@raftelis.com / P: 213-262-9304



- **Khanh Phan, Assistant Project Manager**

- E: kphan@raftelis.com / P: 626-233-6762



- **Charles Diamond, Lead Analyst**

- E: cdiamond@raftelis.com / P: 213-817-8677



Financial Policies



SAWPA Reserves

1. **Brine Line Operating Reserve:** used to cover temporary Brine Line Enterprise cash flow deficiencies
2. **Pipeline Replacement Reserve:** used to provide capital replacement funding for pipeline infrastructure
3. **OCSD Rehabilitation Reserve:** used to fund share of capital costs for portion of the Brine Line maintained by OCSD
4. **Debt Retirement Reserve:** used for debt service payments for SRF loans required to build the Brine Line system
5. **Self Insurance Reserve:** used to cover out-of-pocket insurance losses
6. **Flow Imbalance Reserve:** used to refund dischargers in event of meter error resulting in over-billing

Overview of SAWPA Reserves

Reserve	Current Minimum Reserve Target	Raftelis Recommended Target
Brine Line Operating Reserve	90 days	
Pipeline Replacement Reserve	\$10M	Min: 3.9% of RC of pipeline assets Max: 10% of RC Pipeline
OCSD Rehabilitation Reserve	\$1.75M	
Debt Retirement Reserve	100% annual debt	
Self Insurance Reserve	2% of depreciable capital assets + insurance deductibles	
Flow Imbalance Reserve	\$50K	

Financial Plan Model



Purpose of Financial Plan Model

- Provide 10-year financial forecast
- Determine SAWPA's revenue requirements
- Evaluate annual revenue adjustments needed to meet cashflow needs and satisfy financial policies under various scenarios:
 - Varying levels of future CIP
 - Varying levels of debt and grant funding for CIP
 - Varying levels of billed flows in Brine Line

Differences from Previous Model

- Includes model dashboard that visually represents key financial information
- Scenario analysis driven by adjustment of key inputs in dashboard
- Multi-Year Cost Allocation to determine rates
 - As opposed to single year cost allocation, in which rates in subsequent years are simply multiplied by revenue adjustments

Model Overview / Structure

- Budget Inputs
- Inflationary Assumptions
- Discharger Flow & Strength
- Dashboard Key Variables
 - ⑩ Revenue Adjustments
 - ⑩ New Debt
 - ⑩ CIP & Flow Scenario Selectors
 - ⑩ Grant Funding for CIP
 - ⑩ Financial Policies
 - ⑩ Other Key Variables

Inputs

Model Engine

- Processes inputs to be used in the Model
- Calculates and compiles data into Proforma

- Dashboard
 - ⑩ Graphical Results
- Proforma
 - ⑩ Numerical Proforma for Brine Line Enterprise Fund
- Debt Coverage Calculations

Outputs / Results

CIP Scenarios

Santa Ana Watershed Project Authority CIP Scenario Summary

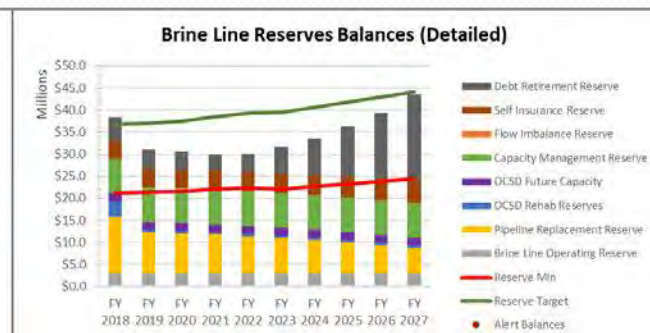
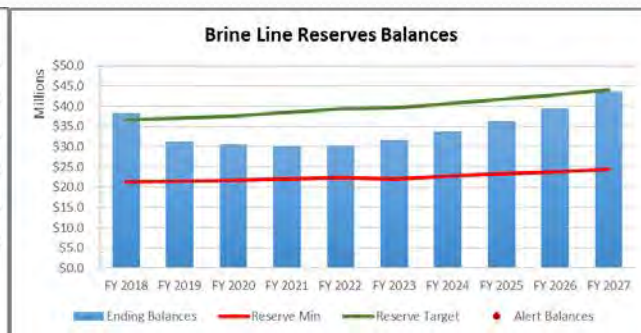
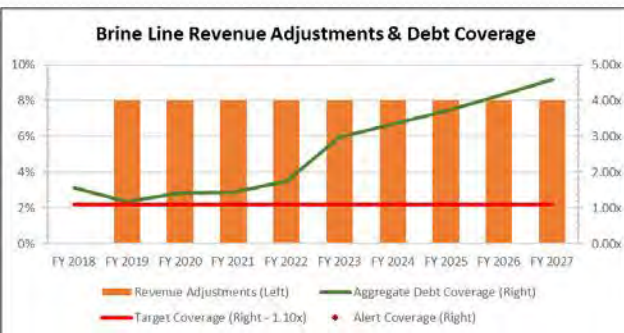
	Inflation	Capital	0%	0%	3%	3%	3%	3%
		Cumulative Escalation	100%	100%	100%	100%	103%	106%
#	CIP Scenario Name	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
1	Budget CIP	\$6,537,738	\$9,112,516	\$15,714,532	\$7,986,032	\$0	\$0	
2	Low	\$6,537,738	\$9,112,516	\$15,714,532	\$7,986,032	\$1,748,677	\$1,801,138	
3	Medium	\$6,537,738	\$9,112,516	\$15,714,532	\$7,986,032	\$2,778,677	\$2,862,038	
4	High	\$6,537,738	\$9,112,516	\$15,714,532	\$7,986,032	\$4,838,677	\$4,983,838	
Selected	3 Medium	\$6,537,738	\$9,112,516	\$15,714,532	\$7,986,032	\$2,778,677	\$2,862,038	

- » CIP schedule provided through FY 2019
- » After FY 2019, level of CIP varies based on selected scenario
 - Future CIP is based on historical average
- » 4 scenarios: Budget CIP, Low, Medium, High

Model Dashboard Overview

(for Illustrative Purposes Only)

Zero Selected Value		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Effective Months	Jul	Jul	Jul	Jul	Jul	Jul	Jul	Jul	Jul	Jul
Rev Adjustments		0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Total CIP	Low	\$15,714,532	\$7,986,032	\$1,748,677	\$1,801,138	\$1,855,172	\$1,910,827	\$1,968,152	\$2,027,196	\$2,088,012	\$2,150,653
Grant Funding for CIP		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing SRF Loan Proceeds for CIP		\$7,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New SRF Loan for CIP						\$0	\$0	\$0	\$0	\$0	\$0
Repayment Start Month / Year	Oct	FY 2021	FY 2021	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028



Dashboard: Key Variables

(for Illustrative Purposes Only)

➤ Key Variables:

- Revenue Adjustments
- Grant Funding for CIP
- New Debt Issues

Zero Selected Value		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Effective Months	Jul	Jul	Jul	Jul	Jul	Jul	Jul	Jul	Jul	Jul
Rev Adjustments		0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Total CIP	Low	\$15,714,532	\$7,986,032	\$1,748,677	\$1,801,138	\$1,855,172	\$1,910,827	\$1,968,152	\$2,027,196	\$2,088,012	\$2,150,653
Grant Funding for CIP		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing SRF Loan Proceeds for CIP		\$7,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New SRF Loan for CIP						\$0	\$0	\$0	\$0	\$0	\$0
Repayment Start Month / Year	Oct	FY 2021	FY 2021	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028

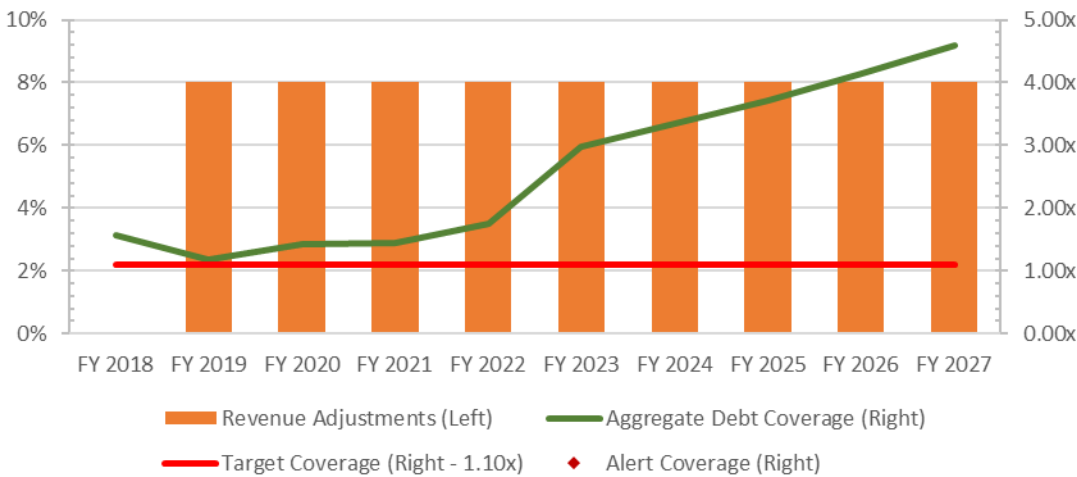
Estimated Billed WW Flows	MGD	7.9 MGD	7.9 MGD	7.9 MGD	7.9 MGD	7.9 MGD	7.8 MGD	7.9 MGD	7.9 MGD	7.9 MGD	8.0 MGD
Estimated Rev from Current WW Fees	SAWPA only	\$6,771,841	\$6,737,767	\$6,716,134	\$6,689,919	\$6,672,267	\$6,641,360	\$6,628,953	\$6,613,193	\$6,608,565	\$6,589,970
Financial Policy	Min	Target				CIP Options					
Brine Line Operating Reserve	25%	25%	% of Operating Exp (excludes OCSD)			Select CIP Scenario	Low				
Pipeline Replacement Reserve	3.9%	10%	% of RC Pipeline Asset Values			Inflating CIP?	TRUE	by	Capital	starting	FY 2020
OCSD Rehab Reserves	\$1,750,000	\$1,750,000	Target Level Based on Reserve Policy			Billed WW Flow Scenario	Conservative (minimal increase)				
OCSD Future Capacity	0%	0%	No Target			Years Shown	10				
Capacity Management Reserve	0%	0%	No Target								
Flow Imbalance Reserve	\$50,000	\$50,000	Target Level Based on Reserve Policy								
Self Insurance Reserve	2%	2%	% of RC Depreciable Asset Values								
Debt Retirement Reserve	100%	100%	% of Annual Debt Service								
Required / Target Debt Coverage	120%		Senior								
	110%		Aggregate								

- Summary Info: Billed Flows, Rate Revenue
- Financial Policy: Reserve & Debt Coverage Targets
- Selection of CIP & Flow Scenarios

Dashboard: Graphical Results

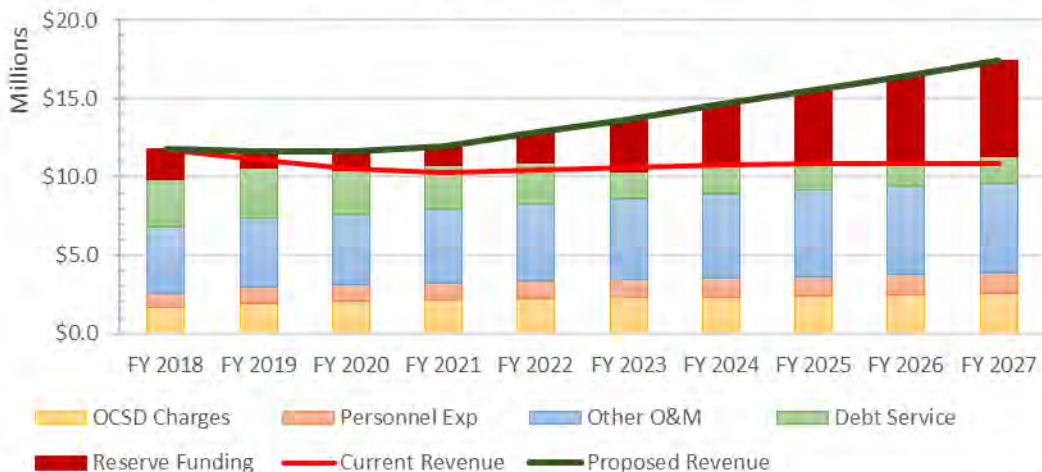
(for Illustrative Purposes Only)

Brine Line Revenue Adjustments & Debt Coverage



- Orange Bars show revenue adjustments
- Green Line shows debt coverage
- Red Line shows required debt coverage

Brine Line Operating Financial Plan



- Green Line shows revenue at proposed levels
- Red Line shows revenue at current rates
- Stacked bars show revenue requirements

Dashboard: Graphical Results

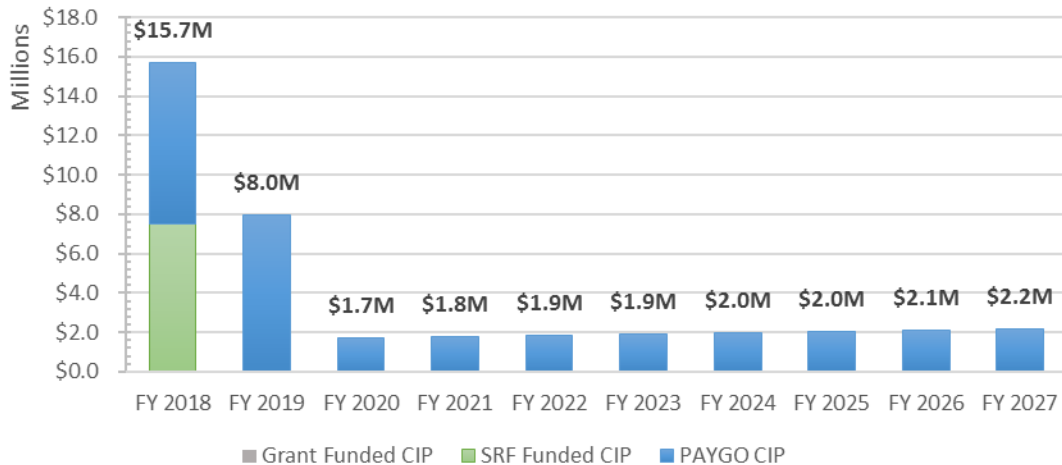
(for Illustrative Purposes Only)

Brine Line Reserves Balances



- Blue Bars show ending balances (all Brine Line reserves combined)
- Green Line shows combined reserve maximum target
- Red Line shows combined reserve minimum target

Brine Line Capital Financing Plan



- Blue Bars show PAYGO CIP
- Green Bars show SRF Funded CIP
- Grey Bars show Grant Funded CIP

Brine Line Proforma

(for Illustrative Purposes Only)

- Presents key financial info for each reserve within the Brine Line Enterprise
- Financial summary of Brine Line Enterprise:

Brine Line Enterprise Fund Proforma	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
TOTAL REVENUES	\$11,761,300	\$11,620,523	\$11,608,385	\$11,995,344	\$12,838,618
TOTAL O&M EXPENSES	\$6,802,861	\$7,361,139	\$7,593,614	\$7,925,696	\$8,267,657
NET REVENUES	\$4,958,439	\$4,259,384	\$4,014,771	\$4,069,648	\$4,570,961
TOTAL DEBT SERVICE	\$3,060,725	\$3,191,277	\$2,835,027	\$2,835,027	\$2,607,713
TOTAL PROCEEDS FROM SRF LOAN	\$7,500,000	\$0	\$0	\$0	\$0
TOTAL CAPITAL EXPENDITURES	\$15,714,532	\$7,986,032	\$1,748,677	\$1,801,138	\$1,855,172
NET CASH CHANGES	(\$6,316,818)	(\$6,917,925)	(\$568,934)	(\$566,517)	\$108,077
Beginning Brine Line Enterprise Fund Balances	\$44,621,991	\$38,011,737	\$31,093,812	\$30,524,878	\$29,958,361
Ending Brine Line Enterprise Fund Balances	\$38,305,174	\$31,093,812	\$30,524,878	\$29,958,361	\$30,066,438
Minimum Target Reserve Balances	\$21,253,343	\$21,463,337	\$21,573,974	\$22,108,211	\$22,431,139
Maximum Target Reserve Balances	\$36,747,539	\$36,957,533	\$37,532,996	\$38,546,004	\$39,362,066
Debt Coverage Calculations					
Projected Debt Coverage (Aggregate)	1.57x	1.18x	1.42x	1.44x	1.75x
Target Debt Coverage (Aggregate)	1.10x	1.10x	1.10x	1.10x	1.10x

Recommendations

- Assess the replacement cost of the Brine Line
 - Enhance development of appropriate Pipeline Replacement Reserve levels
- Conduct an asset criticality assessment
 - Assist in determining minimum and target Pipeline Replacement Reserve levels
- Evaluate costs associated with issuing permit fees
 - Permit fees for infrequent small users may not recover administrative costs

Thank you!

Contact: Sanjay Gaur
213 262 9308 / sgaur@raftelis.com



Recommendation

- Adopt resolution 2018-05 establishing the new Inland Empire Brine Line rates to be effective July 1, 2018.



Questions??

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Santa Ana Sucker Habitat Protection and Beneficial Use Enhancement Project

May 15, 2018

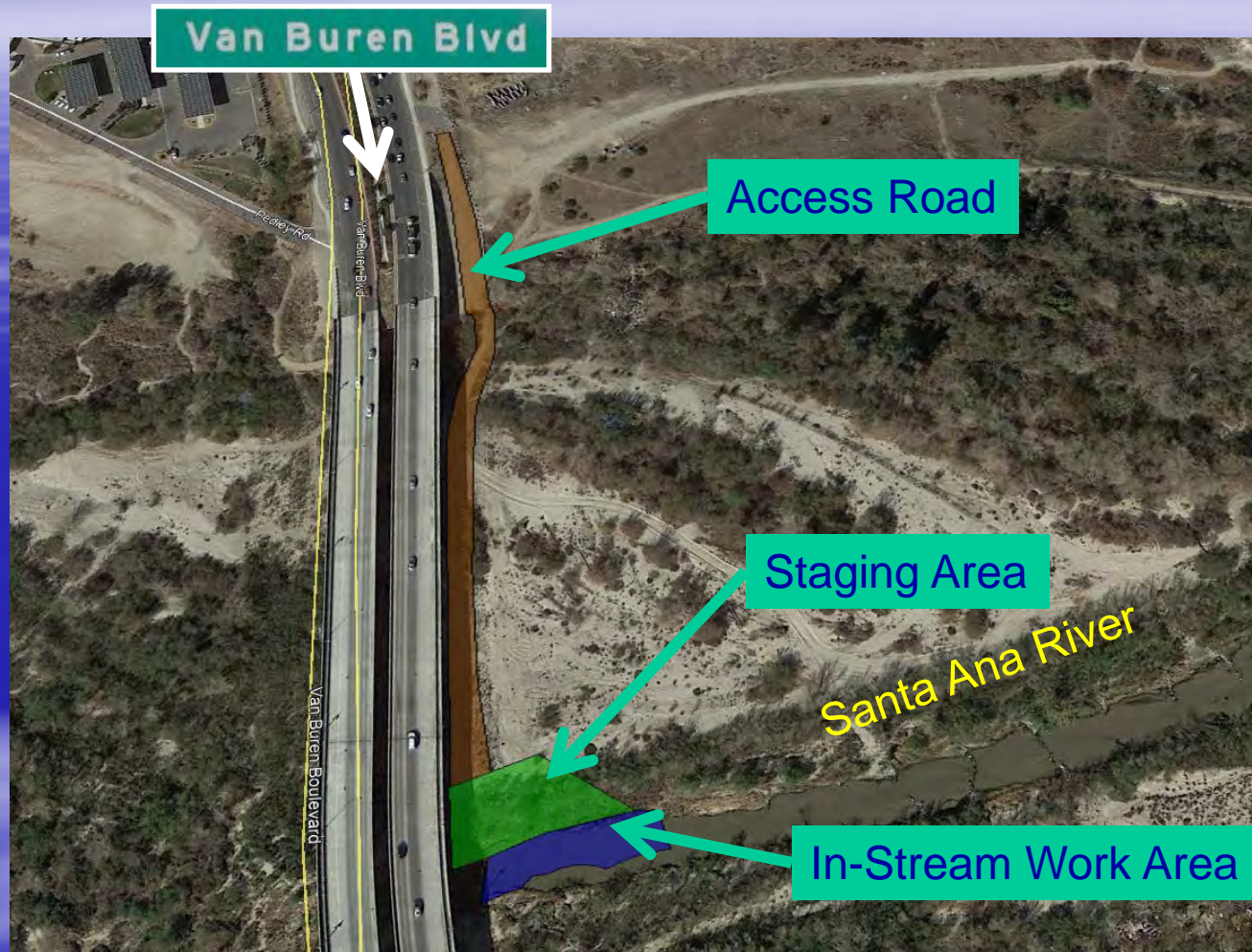
Notice Inviting Bids



Ian Achimore
Senior Watershed Manager



Project Location & Major Activities



Construction Activities

- 15 foot groin
- Four large boulders
- Access road widening

Schedule and Cost Estimate

- Schedule

- Notice Inviting Bids

May 2018

- Receive Bids

June 2018

- Recommendation to Award

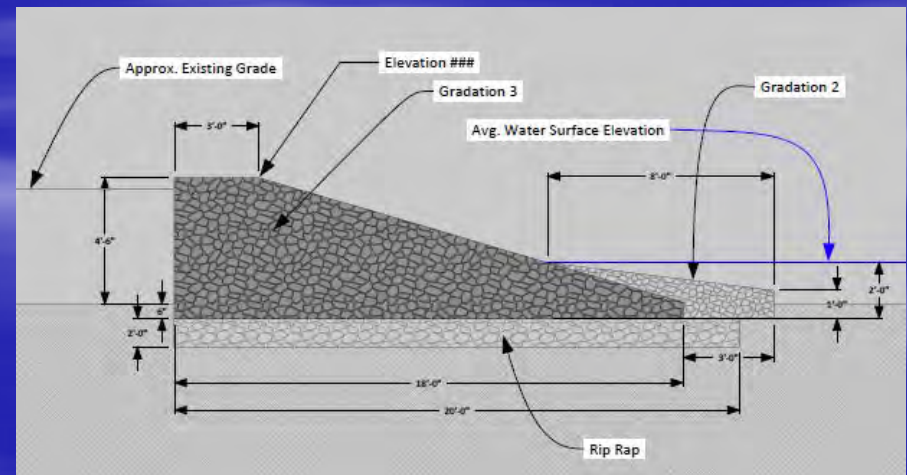
July 2018

- Construction Duration

Sep 2018; 20 days

- Engineer's Estimate

- \$118,000



Recomendation

- Authorize the GM to issue a Notice Inviting Bids for the Project.