



# S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

## REGULAR COMMISSION MEETING TUESDAY, JUNE 18, 2019 – 9:30 A.M.

### AGENDA

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** (Ronald W. Sullivan, 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. **CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION | CERTIFIED CALIFORNIA MUNICIPAL TREASURER**

The California Municipal Treasurers Association recently conferred upon Karen Williams the title of Certified California Municipal Treasurer. Individuals obtaining this designation have demonstrated in-depth knowledge and understanding of fixed income markets and securities in addition to best practices for investing and managing public funds.

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 4, 2019** .....7  
**Recommendation:** Approve as posted.
- B. **TREASURER’S REPORT – MAY 2019** .....13  
**Recommendation:** Approve as posted.
- C. **DISPOSAL OF SAWPA SURPLUS PROPERTY (CM#2019.67)** .....19  
**Recommendation:** Receive and file.

**6. NEW BUSINESS**

- A. [STATEMENT OF INVESTMENT POLICY \(CM#2019.62\)](#) .....23  
**Presenter:** Karen Williams  
**Recommendation:** Adopt Resolution No. 2019-6 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.
  
- B. [INLAND EMPIRE BRINE LINE PRETREATMENT PROGRAM SAMPLE COLLECTION AND ANALYSIS \(CM#2019.63\)](#) .....67  
**Presenter:** David Ruhl  
**Recommendation:** Authorize the General Manager to execute the following: (1) Work Order No. 2020-02 to E.S. Babcock Laboratories (Babcock) in the amount of \$91,949 for sample collection and analysis services; and, (2) Work Order No. 2020-01 to Western Municipal Water District (WMWD) in the amount of \$75,000 for SAWPA’s sample collection program.
  
- C. [SAWPA BUILDING RENOVATIONS PROJECT \(CM#2019.64\)](#) .....81  
**Presenter:** Carlos Quintero  
**Recommendation:** Authorize the General Manager to award a contract to the lowest, responsive and responsible bidder based on bid proposals received on June 17, 2019, for an amount yet to be determined, including a five percent contingency, for the SAWPA Building Renovations Project.
  
- D. [ASCE CA INFRASTRUCTURE REPORT CARD UPDATE \(CM#2019.65\)](#) .....87  
**Presenter:** Mark Norton  
**Recommendation:** Receive and file.
  
- E. [DEPUTY GENERAL MANAGER – AUTHORIZATION TO FILL POSITION \(CM#2019.68\)](#) .....115  
**Presenter:** Rich Haller  
**Recommendation:** Authorize the General Manager to combine the position of Deputy General Manager with the Chief Financial Officer position and fill the position effective July 1, 2019.
  
- F. [SUPPORT POSITION FOR SB 775 \(RUBIO\) \(CM#2019.69\)](#) .....117  
**Presenter:** Larry McKenney  
**Recommendation:** Adopt a SUPPORT position on SB 775 (Rubio).

**7. INFORMATIONAL REPORTS**

**Recommendation:** Receive for information.

- A. [CASH TRANSACTIONS REPORT – APRIL 2019](#) ..... 121  
**Presenter:** Karen Williams
  
- B. [INTER-FUND BORROWING – APRIL 2019 \(CM#2019.60\)](#) .....127  
**Presenter:** Karen Williams
  
- C. [PERFORMANCE INDICATORS/FINANCIAL REPORTING – APRIL 2019 \(CM#2019.61\)](#) .....133  
**Presenter:** Karen Williams
  
- D. [BUDGET VS ACTUAL VARIANCE REPORT – FYE 2019 THIRD QUARTER – ENDING MARCH 31, 2019 \(CM#2019.66\)](#) .....155  
**Presenter:** Karen Williams

**E. FINANCIAL REPORT FOR THE THIRD QUARTER ENDING MARCH 31, 2019.....163**

- Inland Empire Brine Line
- SAWPA

**Presenter:** Karen Williams

**F. THIRD QUARTER FYE 2019 EXPENSE REPORTS .....183**

- General Manager
- Staff

**Presenter:** Karen Williams

**G. GENERAL MANAGER REPORT .....187**

**H. STATE LEGISLATIVE REPORT .....189**

**Presenter:** Rich Haller

**I. SAWPA GENERAL MANAGERS MEETING NOTES .....195**

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**J. CHAIR’S COMMENTS/REPORT**

**K. COMMISSIONERS’ COMMENTS**

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

**8. CLOSED SESSION**

There were no Closed Session items anticipated at the time of the posting of this agenda.

**9. ADJOURNMENT**

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4230 or email [kberry@sawpa.org](mailto: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](http://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 Wednesday, June 12, 2019, a copy of this agenda has been uploaded to the SAWPA website at [www.sawpa.org](http://www.sawpa.org) and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, California.

/s/

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Kelly Berry, CMC

**2019 SAWPA Commission Meetings/Events/Important Dates**

First and Third Tuesday of the Month

(NOTE: Unless otherwise noticed, all Commission Workshops/Meetings begin at **9:30 a.m.**, and are held at SAWPA.)

<b>January</b>		<b>February</b>	
1/1/19	<del>Commission Workshop</del> [cancelled]	2/5/19	Commission Workshop
1/15/19	Regular Commission Meeting	2/19/19	Regular Commission Meeting
<b>March</b>		<b>April</b>	
3/5/19	Commission Workshop	4/2/19	Commission Workshop
3/19/19	Regular Commission Meeting	4/16/19	Regular Commission Meeting
3/29/19	OWOW Conference 2019, Cal State Fullerton		
<b>May</b>		<b>June</b>	
5/7/19	<del>Commission Workshop</del> [cancelled]	6/4/19	Commission Workshop
5/7 – 5/10/19	ACWA Spring Conference, Monterey	6/18/19	Regular Commission Meeting
5/21/19	Regular Commission Meeting		
<b>July</b>		<b>August</b>	
7/2/19	Commission Workshop	8/6/19	Commission Workshop
7/16/19	Regular Commission Meeting	8/20/19	Regular Commission Meeting
<b>September</b>		<b>October</b>	
9/3/19	Commission Workshop	10/1/19	Commission Workshop
9/17/19	Regular Commission Meeting	10/15/19	Regular Commission Meeting
<b>November</b>		<b>December</b>	
11/5/19	Commission Workshop	12/3/19	Commission Workshop
11/19/19	Regular Commission Meeting	12/17/19	Regular Commission Meeting
		12/3 – 12/6/19	ACWA Fall Conference, San Diego

# SAWPA COMPENSABLE MEETINGS

Commissioners and Alternate Commissioners will receive compensation for attending the meetings listed below, pursuant to the Commission Compensation, Expense Reimbursement, and Ethics Training Policy.

**IMPORTANT NOTE:** These meetings are subject to change. Prior to attending any meetings listed below, please confirm meeting details by viewing the website calendar using the following link:

<https://sawpa.org/sawpa-calendar/>

## MONTH OF: JUNE 2019

DATE	TIME	MEETING DESCRIPTION	LOCATION
6/18/19	1:30 PM	Basin Monitoring Program Task Force Mtg	SAWPA
6/19/19	1:00 PM	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	SAWPA
6/20/19	4:00 PM	LESJWA Board of Directors Mtg	CANCELLED
6/27/19	8:00 AM	PA 22 Committee Mtg	SAWPA
6/27/19	9:30 AM	OWOW Pillar Integration Mtg	CANCELLED

## MONTH OF: July 2019

DATE	TIME	MEETING DESCRIPTION	LOCATION
7/25/19	8:00 AM	PA 22 Committee Mtg	SAWPA
7/25/19	11:00 AM	OWOW Steering Committee Mtg	SAWPA

*Please Note:* We strive to ensure the list of Compensable Meetings set forth above is accurate and up-to-date; the list is compiled based on input from SAWPA staff and Department Managers regarding meeting purpose and content.

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**SAWPA COMMISSION  
REGULAR MEETING MINUTES  
JUNE 4, 2019**

**COMMISSIONERS PRESENT**

Ronald W. Sullivan, Chair, Eastern Municipal Water District  
Kati Parker, Vice Chair, Inland Empire Utilities Agency  
Denis R. Bilodeau, Secretary-Treasurer, Orange County Water District  
Brenda Dennstedt, Western Municipal Water District  
T. Milford Harrison, San Bernardino Valley Municipal Water District

**COMMISSIONERS ABSENT**

None.

**ALTERNATE COMMISSIONERS  
PRESENT; NON-VOTING**

Jasmin A. Hall, Alternate, Inland Empire Utilities Agency  
June D. Hayes, Alternate, San Bernardino Valley Municipal Water District

**STAFF PRESENT**

Rich Haller, Larry McKenney, Karen Williams, Mark Norton, Dean Unger,  
Carlos Quintero, David Ruhl, Matthew Howard, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:30 a.m. by Chair Sullivan 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. COMMENDATION | REGINA PATTERSON**

Chair Sullivan and General Manager Haller thanked Regina Patterson for over 27 years of public service at SAWPA and presented her with a commendation plaque. Regina Patterson voiced her appreciation and thanked General Manager Haller for his guidance during her years at SAWPA. General Manager Haller introduced Katie Lucht, who will be stepping in at Regina's retirement.

**5. CONSENT CALENDAR**

**A. APPROVAL OF MEETING MINUTES: MAY 21, 2019**

Recommendation: Approve as posted.

**MOVED**, approve the May 21, 2019 meeting minutes.

Result: **Adopted (Unanimously)**

Motion/Second: Harrison/Parker

Ayes: Bilodeau, Dennstedt, Harrison, Parker, Sullivan

Nays: None

Abstentions: None

Absent: None

**6. WORKSHOP DISCUSSION ITEMS**

**A. BABCOCK LABORATORIES PRESENTATION**

Allison MacKenzie, Babcock Laboratories CEO, provided a PowerPoint presentation about services provided to SAWPA in supporting Inland Empire Brine Line operations and their role as a collaborative partner in ensuring water quality objectives within the basin. Babcock has provided analytical testing services to the Inland Empire region since 1906, has partnered with SAWPA for over 40 years, and is centrally located in the watershed. Testing services support Brine Line water quality and regulatory compliance as well as microbiology expertise in the region. MacKenzie extended an invitation for the Commission and staff to attend the upcoming Technical Environmental Analytical Meeting at their facility on June 20, 2019, when PFAS regulatory updates will be discussed and a tour of their facility will be provided.

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

**B. MWDSC CLOUD SEEDING PROGRAM (CM#2019.53)**

Tom Ryan, Metropolitan Water District of Southern California (MWDSC), provided the PowerPoint presentation contained in the agenda package on pages 14-43. Commissioner Harrison asked about the viability of a cloud seeding program in Southern California. Ryan noted it could be viable; there are approximately 500,000 acres above 5,000 feet in Southern California that are available target areas, with multiple overlapping jurisdictions and at least three national forests. The first step would be conducting a climatology study and determining whether the goal would be increased rain or snow.

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

**7. NEW BUSINESS**

**A. PARKING LOT RESTORATION AND IMPROVEMENTS (CM#2019.54)**

Carlos Quintero provided a PowerPoint presentation regarding restoration and improvements to the SAWPA parking lot relating to the WMWD La Sierra Pipeline project. Through the proposed Memorandum of Understanding (MOU), the cost share percentage for the restoration and improvements is estimated to be: SAWPA 32.7% (\$23,200) and WMWD 67.3% (\$47,800). Additionally, SAWPA will pay 100% of \$24,000 for an additional three parking spaces and ADA improvements. WMWD is conducting a bidding process to perform this work; once the actual costs have been determined, staff will present them to the Commission for approval. Work is expected to start during the second week of August.

**MOVED,** authorize the General Manager to execute the Memorandum of Understanding (“MOU”) between the Santa Ana Watershed Project Authority (“SAWPA”) and Western Municipal Water District (“WMWD”) establishing the terms and conditions for the restoration and improvements to the SAWPA parking lot.

Result:	<b>Adopted (Unanimously)</b>
Motion/Second:	Dennstedt/Harrison
Ayes:	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None



**B. RECOMMENDED FUNDING ALLOCATION AND PROJECTS FOR OWOW PROPOSITION 1 ROUND 1 INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) PROJECT FUNDING (CM#2019.55)**

Matthew Howard provided the PowerPoint presentation included in the agenda packet on pages 58 - 62. The OWOW Steering Committee approved this funding allocation and portfolio of projects for the Proposition 1 Round 1 Integrated Regional Water Management (IRWM) grant program. Staff will work with the North OC Stakeholder Group to incorporate up to four additional IRWM projects expected in North OC and bring those to the Commission at a future date. Although these projects must comply with all Proposition 1 DWR IRWM grant proposal requirements, they will be based on the OC rating and ranking system.

Rich Haller noted that the agreement with the OC Stakeholders approved by the Commission at the May 21, 2019 meeting has been agreed upon by all parties and is now proceeding through each agency for approval for its governing body. Mike Markus, OCWD General Manager noted the expectation is that the OC projects should be selected by mid-July; most likely only 2-3 projects will be selected.

Commissioner Dennstedt advised WRCOG recently received a presentation on the agreement with OC Stakeholders and the proposed portfolio of projects and was pleased with the collaborative progress made by the parties.

**MOVED**, approve the funding allocation and portfolio of projects for OWOW Proposition 1 Round 1 Integrated Regional Water Management Grant Funding.

Result:	<b>Adopted (Unanimously)</b>
Motion/Second:	Parker/Dennstedt
Ayes:	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

**C. STRATEGIC PLAN UPDATE (CM#2019.57)**

Rich Haller provided an oral report and requested the Commission consider direction to staff to prepare an update to the 2016 strategic planning efforts of consultant Paul Brown and bring the matter back to the Commission for consideration at a future meeting.

Commissioner Dennstedt noted she met with Mr. Brown in 2016 for an extensive interview to share what she believed were SAWPA's objectives and goals and what the strategic plan should encompass. She suggested a printed copy of Paul Brown's report be provided to the Commission so they could meet with the general manager to discuss goals, priorities, and expectations before we bring this back for further discussion. Chair Sullivan agreed all Commissioners should review the last report from Paul Brown; however, encouraged more of a frank and open discussion among the Commissioners. Commissioner Dennstedt noted her suggestion was a precursor to an open discussion among the Commissioners, so if the general manager would like to make changes or suggestions to that document, he would be able to do so based on those meetings and prior to the meeting of the Commission. Chair Sullivan noted the general manager was welcomed to evaluate and make suggestions relative to the 2016 strategic planning efforts; however, he did not see the value in each Commissioner meeting with the general manager individually.

Commissioner Harrison asked was this supposed to be a three-year or five-year plan; at the time it was approved was there any projection into the future that would necessitate an update? Chair Sullivan noted it wasn't necessarily a strategic plan; it was a process by which the Commission could look forward together into the future as to how SAWPA would operate. Chair Sullivan stated he was supportive of Paul Brown's materials being distributed to the Commission, and stated it would be

appropriate to have General Manager Haller, who was involved in this process in 2016, review the material to determine where we were at the time, where and how we should move forward, and propose any necessary updates.

General Manager Haller suggested revisiting the materials to at least ensure they are consistent with the thoughts of the present Commission and that we are proceeding in the right direction. Commissioner Harrison noted he would like to sit down with someone to review the materials since he was not on the Commission at that time. Chair Sullivan encouraged an open, frank discussion and not one-on-one discussions. Commissioner Dennstedt noted the value of one-on-one meetings would be to provide a historical perspective and background to those who were not involved with the process in 2016, before an open discussion. Chair Sullivan suggested that the Commission provide General Manager Haller an opportunity to review the materials and then develop and present an approach to update this moving forward. General Manager Haller noted the results presented in 2016 would be provided to the Commissioners and Alternates; he welcomed the opportunity to present a future workshop and to prepare the matter for discussion and encouraged future direction from Commissioners at that time.

It was the consensus of the Commission to direct the General Manager to develop an approach to updating the 2016 Strategic Plan and present the approach to the Commission at a future meeting.

**D. REQUEST FOR QUALIFICATIONS (RFQ) FOR LEGAL SERVICES (CM#2019.58)**

Rich Haller noted over time SAWPA has realized the need for a variety of different legal services ranging from OSHA requirements, Human Resources, industrial pretreatment programs, agreements, rights-of-way, public works bidding, construction claims, claims avoidance, etc. It is proposed to seek and evaluate proposals from firms who could work with SAWPA in providing the breadth of services outlined in the Commission Memorandum. If the Commission were to move forward, this could potentially eliminate the need for in-house legal counsel should the Commission so elect. This is simply an opportunity to evaluate available legal consultant services.

Commissioner Dennstedt asked if these services would complement or replace in-house legal counsel; she was not aware of anything relating to current legal counsel that would necessitate issuing the RFQ. General Manager Haller noted the RFQ is structured with a scope of work that details the entirety of SAWPA's legal services, but it could be either option – hire a consultant to provide all legal services or complement existing in-house legal counsel. Commissioner Dennstedt noted it was unclear how complementary legal services would be determined from those that were not; from her perspective cost savings is the primary factor. As an example, WMWD's consultant legal services expenses exceed that of current SAWPA legal in-house counsel. General Manager Haller noted he would evaluate the cost from a business perspective to consider the cost vs. qualifications and skill set of legal services to ensure the value received is worth the cost for SAWPA. Commissioner Dennstedt reiterated this was not discussed during the budget process.

Chair Sullivan noted at this point we could not be certain there would be a budget impact; every district does a review of their legal services as with CPA services and encouraged SAWPA look at statements of qualifications to determine what might be beneficial to SAWPA – which is yet to be determined. Staff should explore what is available and at what cost, which should come back to the Commission for further direction as to cost and other benefits. We are simply seeking to determine expertise, qualifications and costs. In the past, SAWPA has hired outside counsel with specific qualifications to provide legal services; this isn't just about what we need today. To explore something of this nature is up to the Commission; to say that we are not ready to do something is not in the best interests of SAWPA.

Vice Chair Parker noted she felt this was putting the cart before the horse and did not see a need to

proceed; at a point where she could see a need, she would be supportive.

Secretary-Treasurer Bilodeau voiced his support, noting that when we engage in litigation we routinely hire outside legal counsel so we should solicit the market, then have staff evaluate the proposals and bring it back for the Commission to make a decision at that time as to course of action.

Commissioner Harrison stated he did see a value in taking this action, noting it's been his experience that even if you have in-house counsel, there will be occasions when you need the services of specialized counsel. It is beneficial to have someone available with various capabilities, not just singular capabilities, under agreement who can provide specialized services when we need outside counsel. Commissioner Dennstedt noted that when WMWD contracts for specialized legal services, it is not at the exclusion of their general counsel. Commissioner Dennstedt, noting the current organizational chart for SAWPA indicates general counsel reports directly to the General Manager and not the Commission, asked if this is a staffing management decision which should be made by the General Manager or by the Commission. Chair Sullivan noted since this recommendation was brought forward by the General Manager, he didn't see that was a problem; this doesn't mean that we are going to make any changes.

General Manager Haller noted that clarification of the relationship and role of legal counsel with the Commission will be clarified as part of the Employee Handbook update.

**MOVED**, authorize release of a Request for Qualifications (RFQ) for Legal Services.

Result:	<b>Adopted (Passed)</b>
Motion/Second:	Bilodeau/Harrison
Ayes:	Bilodeau, Harrison, Sullivan
Nays:	Dennstedt, Parker
Abstentions:	None
Absent:	None

**E. SAWPA BUILDING RENOVATIONS | NOTICE INVITING BIDS (CM#2019.59)**

Carlos Quintero provided a PowerPoint presentation with an outline of each activity and date of completion. Bids will be received June 17, 2019, the results of which will be brought to the Commission for consideration at the June 18 meeting. Final interior decorating selections will be on display for the Commission to review as well.

**MOVED**, authorize the General Manager to issue a Notice Inviting Bids for the Santa Ana Watershed Project Authority Building Renovations and to file a Notice of Exemption with the Riverside County Clerks' Office.

Result:	<b>Adopted (Unanimously)</b>
Motion/Second:	Harrison/Parker
Ayes:	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

**F. COMMISSION MEETING SCHEDULE | JULY 2019**

Given the upcoming July 4 holiday, a census was taken to determine attendance at the July 2, 2019 Commission meeting. It was determined that a quorum will be present for the July 2, 2019 meeting; accordingly, no action was taken on Agenda Item No. 7.F.

**8. INFORMATIONAL REPORTS**

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

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

There were no further Chair comments or report.

**B. COMMISSIONERS' COMMENTS**

There were no Commissioners comments.

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

There were no requests for future agenda items.

**9. CLOSED SESSION**

Chair Sullivan recessed the meeting to Closed Session at 11:03 a.m. Designated personnel essential to the discussion were present during Closed Session.

**A. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR**

SAWPA Designated Representative: General Manager Richard E. Haller  
Non-Represented Employees: All SAWPA employees

**B. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PUBLIC EMPLOYEE EVALUATION – GENERAL MANAGER**

Chair Sullivan resumed Open Session at 11:45 a.m. There was no reportable action.

**10. ADJOURNMENT**

There being no further business for review, Chair Sullivan adjourned the meeting at 11:45 a.m.

**Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, June 18, 2019.**

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Ronald W. Sullivan, Chair

Attest:

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Kelly Berry, CMC  
Clerk of the Board

*Santa Ana Watershed  
Project Authority*



**Finance Department**

Santa Ana Watershed Project Authority  
**TREASURER'S REPORT**

**May 2019**

During the month of May 2019, the Agency's actively managed temporary idle cash earned a return of 1.754%, representing interest earnings of \$18,471. Additionally, the Agency's position in overnight funds L.A.I.F. generated \$85,717 in interest, resulting in \$104,188 of interest income from all sources. Please note that this data represents monthly earnings only, and does not indicate actual interest received. There were zero (0) investment positions purchased, zero (0) positions sold, zero (0) position 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 10, 2019

Prepared and  
Submitted by: 

*Karen L. Williams, Chief Financial Officer*

*Santa Ana Watershed Project Authority*  
**INVESTMENT PORTFOLIO - MARKED TO MARKET - UNREALIZED GAINS & LOSSES**  
*May 31, 2019*

SAWPA primarily maintains a "Buy and Hold" investment philosophy, with all investments held by US 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	3137EAEC9	WMS	09-16-16	08-12-21	No Call	\$ 1,000,000.00	1.335%	\$ 990,060.00	\$ 978,919.00	\$ (11,141)	1.125%	\$ 1,133.79
Agency	FHLMC	3137EADB2	WMS	04-17-17	01-13-22	No Call	\$ 500,000.00	2.375%	\$ 512,767.00	\$ 503,738.00	\$ (9,029)	2.375%	\$ 1,008.56
Agency	FHLB	313379EE5	WMS	05-26-15	06-14-19	No Call	\$ 500,000.00	1.420%	\$ 504,015.00	\$ 499,857.50	\$ (4,158)	1.625%	\$ 603.10
Agency	FHLB	313383HU8	WMS	06-16-16	06-12-20	No Call	\$ 1,000,000.00	1.080%	\$ 1,026,088.00	\$ 993,599.00	\$ (32,489)	1.750%	\$ 917.27
Agency	FHLB	313379Q69	WMS	12-14-17	06-10-22	No Call	\$ 1,000,000.00	2.150%	\$ 998,930.00	\$ 1,000,494.00	\$ 1,564	2.125%	\$ 1,826.12
Agency	FNMA	3135G0H55	WMS	12-28-15	12-28-20	No Call	\$ 1,000,000.00	1.830%	\$ 1,002,140.00	\$ 996,085.00	\$ (6,055)	1.875%	\$ 1,554.26
Agency	FNMA	3135G0F73	WMS	06-16-16	11-30-20	No Call	\$ 1,000,000.00	1.150%	\$ 1,015,157.00	\$ 990,107.00	\$ (25,050)	1.500%	\$ 976.72
Agency	USTN	912828WC	WMS	11-17-15	10-31-20	No Call	\$ 1,000,000.00	1.638%	\$ 1,005,312.50	\$ 995,508.00	\$ (9,805)	1.750%	\$ 1,391.04
Agency	USTN	912828G61	WMS	11-17-15	11-30-19	No Call	\$ 1,000,000.00	1.469%	\$ 1,001,210.94	\$ 995,586.00	\$ (5,625)	1.500%	\$ 1,247.59
Agency	USTN	912828L32	WMS	06-17-16	08-31-20	No Call	\$ 500,000.00	1.030%	\$ 507,070.31	\$ 495,351.50	\$ (11,719)	1.375%	\$ 437.53
Agency	USTN	912828L65	WMS	06-16-16	09-30-20	No Call	\$ 500,000.00	1.041%	\$ 506,992.19	\$ 495,176.00	\$ (11,816)	1.375%	\$ 441.95
Agency	USTN	912828L99	WMS	06-16-16	10-31-20	No Call	\$ 500,000.00	1.051%	\$ 506,914.06	\$ 495,176.00	\$ (11,738)	1.375%	\$ 446.10
Agency	USTN	912828S76	WMS	12-14-17	07-31-21	No Call	\$ 1,000,000.00	2.013%	\$ 969,062.50	\$ 982,773.00	\$ 13,711	1.125%	\$ 1,709.51
CORP	Apple Inc	037833AK6	WMS	10-15-18	05-03-23	No Call	\$ 500,000.00	3.360%	\$ 479,898.50	\$ 497,594.50	\$ 17,696	2.400%	\$ 1,426.86
CORP	Toyota Motor Corp Credit	89236TFNO	WMS	10-15-18	09-20-23	No Call	\$ 500,000.00	3.550%	\$ 497,747.50	\$ 516,224.00	\$ 18,477	3.450%	\$ 1,507.53
CD	Ally Bank	02006L2F9	WMS	01-13-15	04-20-20	No Call	\$ 248,000.00	1.800%	\$ 248,000.00	\$ 247,297.16	\$ (703)	1.800%	\$ 379.13
CD	American Express	02587DP85	WMS	04-19-17	04-19-21	No Call	\$ 248,000.00	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	\$ 248,000.00	2.200%	\$ 248,000.00	\$ 248,000.00	\$ -	2.200%	\$ 463.39
CD	Goldman Sachs Bank USA	38148PUV7	WMS	12-20-17	12-20-22	No Call	\$ 248,000.00	2.500%	\$ 248,000.00	\$ 248,000.00	\$ -	2.500%	\$ 526.58
<b>Total Actively Invested Funds</b>							<b>\$ 12,492,000.00</b>		<b>\$ 12,515,365.50</b>	<b>\$ 12,427,485.66</b>	<b>\$ (87,880)</b>	<b>1.754%</b>	<b>\$ 18,470.95</b>
<b>Total Local Agency Investment Fund</b>									\$ 41,210,621.54			2.449%	\$ 85,716.96
<b>Total Invested Cash</b>							<b>\$ 12,492,000.00</b>		<b>\$ 53,725,987.04</b>			<b>2.287%</b>	<b>\$ 104,187.92</b>

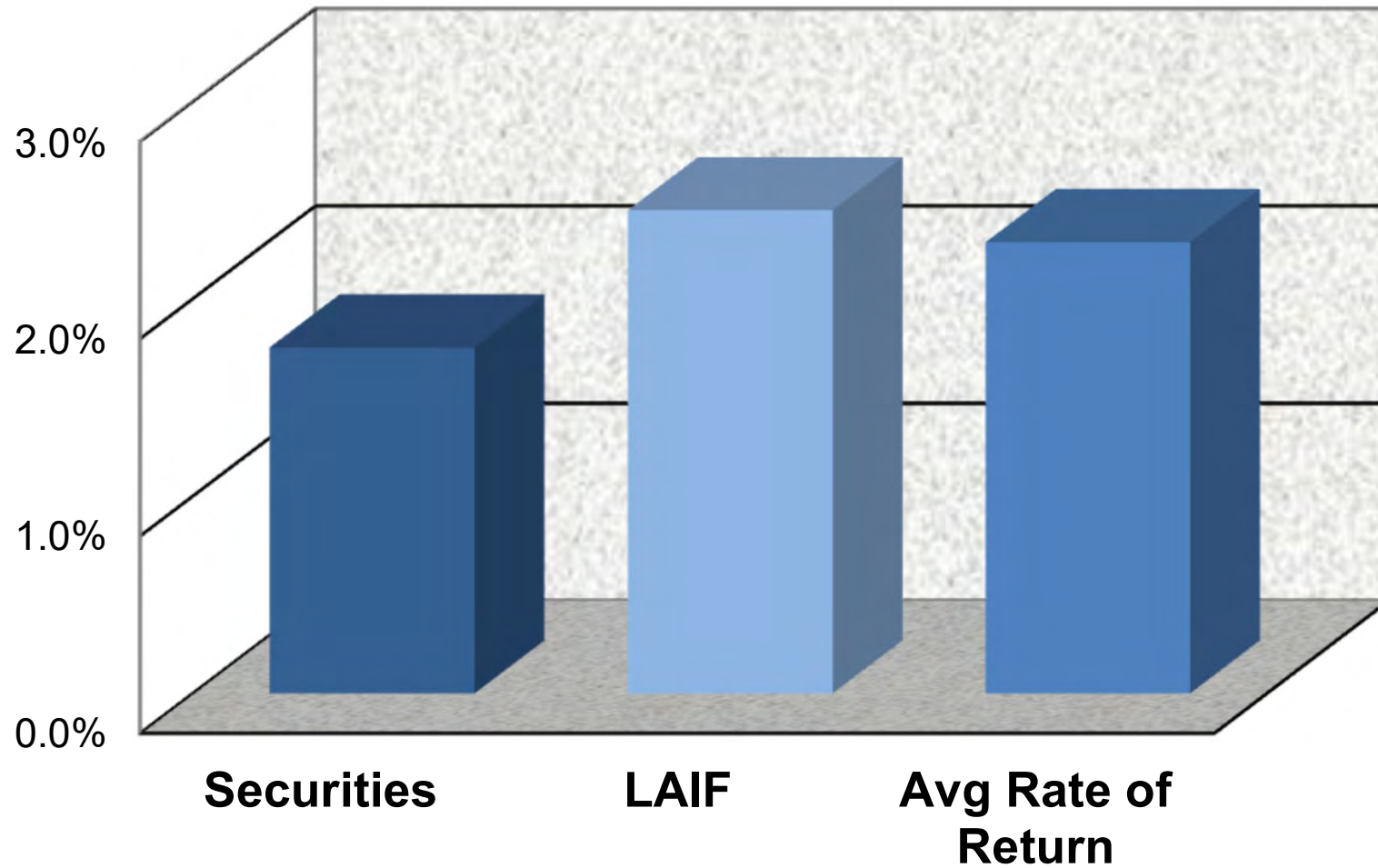
**Key to Security Type:**

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
AEC	= American Express Centurion

**Key to Dealers:**

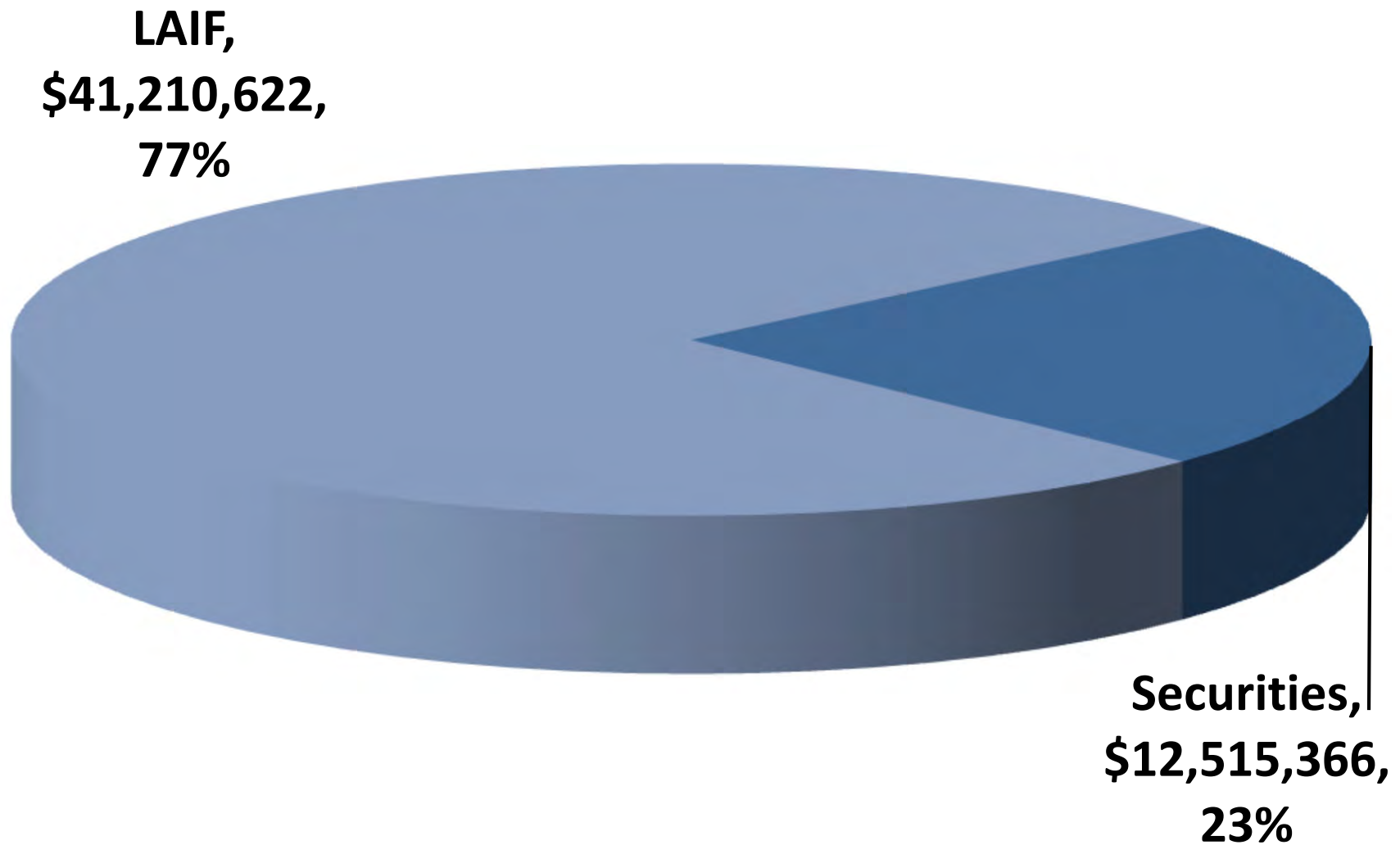
FCS	= FinaCorp Securities
MBS	= Multi-Bank Securities
MS	= Mutual Securities
RCB	= RBC Dain Rauscher
SA	= Securities America
TVI	= Time Value Investments
WMS	= Wedbush Morgan Securities

## Interest Rate Analysis



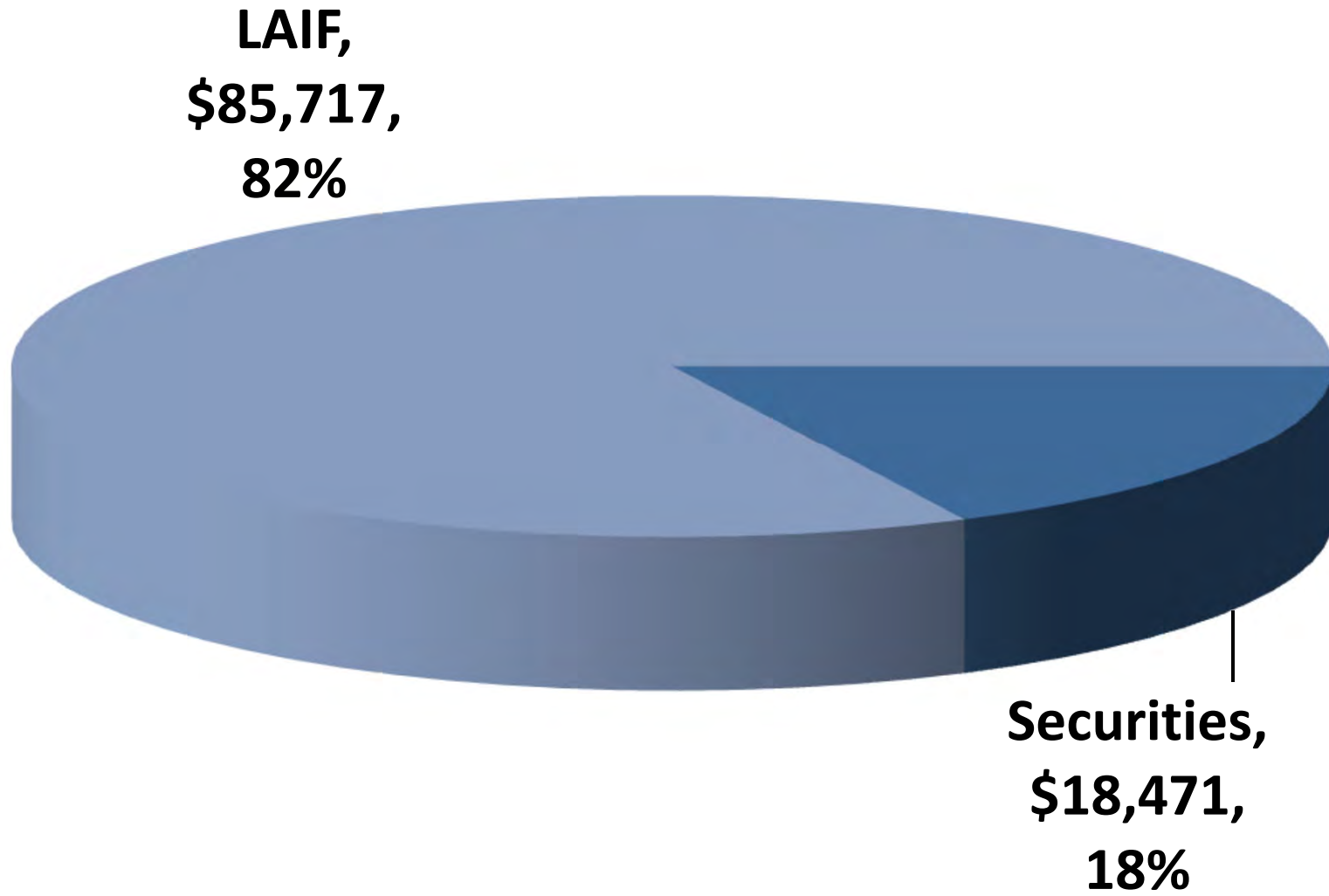
# Investments

**\$53,725,987**





**Interest**  
**\$104,188**



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**COMMISSION MEMORANDUM NO. 2019.67**

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** Disposal of SAWPA Surplus Property  
**PREPARED BY:** Carlos Quintero, Operations Manager

**RECOMMENDATION**

That the Commission receive and file this report.

**DISCUSSION**

In accordance with requirements of Resolution Number 56, *Resolution of the Commission of the Santa Ana Watershed Project Authority (“SAWPA”) Establishing Procedures for Disposal of Surplus Property*, staff is informing the Commission of disposal of the following surplus property:

<b>Item</b>	<b>SAWPA Tag #</b>
Teal Guest Chair	01347
Teal Guest Chair	01351
Teal Guest Chair	01368
Teal Guest Chair	01354
Teal Guest Chair	01356
Teal Guest Chair	01357
Teal Guest Chair	01361
Teal Guest Chair	01363
Teal Guest Chair	01364
Teal Guest Chair	01365
Teal Guest Chair	01395
Teal Guest Chair	01367
Teal Guest Chair	01362
Teal Guest Chair	01391
Teal Guest Chair	01355
Teal Guest Chair	01358
Teal Guest Chair	01352
Teal Guest Chair	01370
Teal Guest Chair	01350
Teal Guest Chair	01751
Teal Guest Chair	01396
Teal Guest Chair	01751
Rectangular Table	01783
Green Chair w/arms	01909
Green Chair w/arms	01911
Blue/Green Chair	01912
Blue/Green Chair	01914
Green Chair w/arms	01915
Consultants Table	01922

Consultants Table	01923
Consultants Table	01924
Consultants Table	01925
Consultants Table	01926
Consultants Table	01927
Blue/Green Chair	01928
Green Chair w/arms	02006
Blue/Green Chair	02132
Green Round Chair with No Arms	02165
Green Chair w/arms	02200
Green Chair w/arms	02414
Wood Table (Snack Table)	01243
Cabinet with 2 doors (Coffee Table)	01323
Cabinet with 2 doors (Near Projector Screen)	01324
Small Podium (Sign in Podium)	01325
Podium	01327
Conference Table	01346
A Touch of Europe Credenza	01566
Artopex Chair	01883
Artopex Chair	01884
Artopex Chair	01885
Artopex Chair	01886
Artopex Chair	01887
Artopex Chair	01889
Artopex Chair	01890
Artopex Chair	01929
Artopex Chair	01931
Artopex Chair	01932
Artopex Chair	01934
Artopex Chair	01935
Artopex Chair	01936
Artopex Chair	01937
Artopex Chair	01938
Artopex Chair	01939
Artopex Chair	01941
Artopex Chair	01942
Artopex Chair	01943
Artopex Chair	01944
Artopex Chair	01945
Artopex Chair	01946
Artopex Chair	01947
Artopex Chair	01948
Artopex Chair	01950
Artopex Chair	02079
Artopex Chair	02080
Artopex Chair	02081
Artopex Chair	02082

Artopex Chair	02115
Blue Director Chair	02224
Blue Director Chair	02225
Blue Director Chair	02226
Blue Director Chair	02227
Blue Director Chair	02228
Blue Director Chair	02229
Blue Director Chair	02230
Blue Director Chair	02231
Blue Director Chair	02232
Blue Director Chair	02233
Blue Director Chair	02234
Blue Director Chair	02235
Blue Director Chair	02236
Blue Director Chair	02237
Small Blue Director Chair	02238
Blue Director Chair	02239
Blue Director Chair	02241
Table Stand	07262
Teal Guest Chair	01350
Teal Guest Chair	01355
Teal Guest Chair	01360
Teal Guest Chair	01362
Teal Guest Chair	01393
Teal Guest Chair	01370
Table white round	01373
Table white round	01374
Teal Guest Chair	01395
Table brown square	01234
Table Gray	01349
Meeting chair slate	01210
Meeting chair slate	01211
Meeting chair slate	01212
Meeting chair slate	01244
Meeting chair slate	01246
Meeting chair slate	01247
Meeting chair slate	01276
Meeting chair slate	01208

These items are being surplused since they will be replaced as part of the SAWPA Building Improvement project. All of the usable furniture will be donated to a local non-profit organization, to be identified later.

**RESOURCE IMPACTS**

Resources to surplus the above listed items are included in the FY18-19 budget.

Attachments:

1. None

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## COMMISSION MEMORANDUM NO. 2019.62

**DATE:** June 18, 2019

**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. 2019-6, approving the Statement of Investment Policy and delegate 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 completely revised from the prior approved Investment Policy. This policy has been developed under the guidelines of the California Municipal Treasurers Association (CMTA) Investment Policy Certification Program. This program developed by the CMTA with support from the California Debt and Investment Advisory Commission (CDIAC), provides professional guidance and assistance in improving existing investment policies in California's public sector agencies and districts. Staff will submit the approved Investment Policy to the CMTA for certification.

While the policy has been re-written and re-organized, most of the sections remain the same, including the authorized investments and limitations on their purchase percentage of the portfolio. Both the updated policy and prior approved policy are included for you review. Below is listed the main differences between the policies:

1. Updated policy language and changed the sequence of the sections
2. Investment Changes
  - a. Added "Placement Service Certificates of Deposit" as an approved investment.
  - b. Added a limit of 30% of the portfolio to "Municipal Debt". It had no limit in the prior policy.
  - c. Added a limit of 10% of the portfolio to "Repurchase Agreements". It had no limit in the prior policy.

- d. Replaced CalTRUST with “Local Government Investment Pools (LGIP)”. This will allow investment in CalTRUST and any other local investment pool including the California Asset Management Program (CAMP).
- 3. Sections Added
  - a. “Diversification”
  - b. “Investment Pools/Mutual Funds” (new section per CGC)
- 4. Removed Sections:
  - a. “Investment Committee” was removed because we do not have one.
  - b. “Legislative Changes” was removed because it is not needed.
  - c. “Interest Earnings” was removed because it is covered under the “Scope” section.
  - d. “Limiting Market Value Erosion” was removed because it is addressed throughout the policy.
  - e. “Portfolio Management Activity” was removed because it is addressed under the “Prudence”, the “Diversification and Maximum Maturities”, and the “Performance Standards” sections.

### **RESOURCE IMPACTS**

No additional staff or costs are anticipated at this time.

#### Attachments:

1. PowerPoint Presentation
2. Resolution No. 2019-6
3. Statement of Investment Policy 2019 (updated)
4. Statement of Investment Policy 2018 (prior approved)






1

Statement of Investment Policy

- California law requires the Commission annually adopt a Statement of Investment Policy
- Policy has been updated using the guidelines of the California Municipal Treasurers Association (CMTA) Investment Policy Certification Program
- Staff will submit the policy to the CMTA for certification



2

## Changes from Prior Policy

- Completely updated policy language and changed the sequence of the sections
- Investment Changes:
  - **Added “Placement Service Certificates of Deposit” as an approved investment** (placement service is designed to allow FDIC- insured depository institutions to accept deposits of more than \$250,000 and obtain full coverage for the deposit by spreading the funds among many separate FDIC insured institutions so no institution holds more than the \$250,000 for each depositor)
  - **Added a limit of 30% of the portfolio to “Municipal Debt”.** There were no limits in the prior policy.



3

## Changes from Prior Policy

- Investment Changes (continued):
  - **Added a limit of 10% of the portfolio to “Repurchase Agreements”.** There were no limits in the prior policy.
  - **Replaced CalTRUST with “Local Government Investment Pools (LGIP)”.** This will allow investments in not only CalTRUST but any other local investment pools including the California Asset Management Program (CAMP)



4

## Changes from Prior Policy

- Sections Added:
  - **“Diversification”** explains how investments will be diversified by security type and institution
  - **Investment Pools/Mutual Funds** – this section is a new requirement of the California Government Code (CGC)
- Sections Removed:
  - **Investment Committee** – SAWPA does not have one
  - **Legislative Changes** – not needed
  - **Interest Earnings** – covered under “Scope” section
  - **Limiting Market Value Erosion** – addressed throughout policy
  - **Portfolio Management Activity** – addressed under other sections



5

## Compliance

- This policy is compliant with the California Government Code (CGC)
- Has been developed using the guidelines of the CMTA with support from the California Debt and Investment Advisory Commission (CDIAC)
- Will be submitted for the CMTA’s Investment Policy Certification Program



6

## Recommendation

- That the Commission adopt Resolution No. 2019-6, approving the Statement of Investment Policy and delegate authority to the CFO to invest or reinvest funds consistent with the Policy.



7



8

**RESOLUTION NO. 2019-6**

**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 18th day of June, 2019.

**SANTA ANA WATERSHED PROJECT AUTHORITY**

By: \_\_\_\_\_  
Ronald Sullivan, Chair

Attest:

\_\_\_\_\_  
Kelly Berry, CMC  
Clerk of the Board

Attachment: Statement of Investment Policy



# SANTA ANA WATERSHED PROJECT AUTHORITY

## STATEMENT OF INVESTMENT POLICY

### 1.0 POLICY

The purpose of this Investment Policy (“Policy”) is to provide guidelines for the prudent investment of the Santa Ana Watershed Project Authority (“Authority”) funds in conformance with California Government Code (CGC) requirements governing the investment of public funds. Funds will be managed to provide for daily cash flow requirements and to meet the objectives of this Policy.

### 2.0 SCOPE

This Policy applies to all operating funds of the Authority, which are under the control of the General Manager and/or the Chief Financial Officer. These funds are accounted for in the Authority’s Comprehensive Annual Financial Report (CAFR).

This Policy, however, specifically excludes the employees’ retirement and deferred compensation funds and the retiree health benefit trust. Additionally, funds 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).

Except for cash in certain restricted and special funds, the Authority will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

### 3.0 PRUDENCE

The standard of prudence to be used by designated representative shall be the “prudent investor” standard (CGC Section 53600.3) and shall be applied in the context of managing an overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, “When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill, 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.”

### 4.0 OBJECTIVES

As specified in CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds; the primary objectives, in priority order, of the investment activities shall be:

- A. *Safety*: Safety of principal is the Authority’s foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Authority will diversify its investments by investing funds among independent financial institutions

offering a variety of securities with independent returns. Investments shall be made with the aim of avoiding capital losses due to issuer default, broker-dealer default, or market value erosion.

- B. *Liquidity*: The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated.
- C. *Return on Investment (Yield)*: The Authority's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, as long as it does not diminish the objectives of Safety and Liquidity.

## **5.0 DELEGATION OF AUTHORITY**

The authority of the Santa Ana Watershed Project Authority's Board of Commissioners (Commission) to invest or reinvest funds of the Authority is delegated by Resolution in conjunction with the annual investment policy review. Management responsibility for the investment program is hereby delegated to the Chief Financial Officer who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, and their procedures in the absence of the Chief Financial Officer. The Chief Financial Officer shall establish procedures for the management of investment activities, including the activities of staff consistent with this Policy.

The Chief Financial Officer may retain the services of an outside investment advisor or manager as approved by the Commission to assist with the Authority's investment program. Qualified outside managers will be either Securities and Exchange Commission (SEC) Registered Investment Advisors or Bank Money Managers. The investment advisor shall make all investment decisions and transactions in strict accordance with State and Federal law, this Policy and such other written instruction as are provided. The performance and service levels of investment advisors and managers shall be reviewed annually.

## **6.0 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Authority's General Manager any material financial interest in the financial institutions that conduct business with the Authority, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority.

## **7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Authority will maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. Broker/dealers will be selected for credit worthiness and must be authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under the SEC Rule 15(C)3-1 (uniform net capital rule). No public deposit will be made by the broker/dealer except in a qualified public depository as established by the established state laws. Before a financial institution or broker/dealer is used, they are subject to investigation and approval by the Chief Financial Officer or his/her designated representative, and must submit the following:



- A. Certification of having read and understood this investment policy and agreeing to comply with the Authority's investment policy;
- B. Proof of Financial Industry Regulatory Authority (FINRA) certification;
- C. Proof of State of California registration;
- D. Audited financial statements for the institution's three most recent fiscal years;
- E. Completed broker/dealer questionnaire; and
- F. Evidence of adequate insurance coverage.

If the Authority has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, broker/dealers, and financial institutions to conduct transactions on the Authority's behalf.

## 8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Authority's investments are governed by the California Government Code (CGC). Within the investments permitted by the CGC, the Authority seeks to further restrict eligible investments to the investments listed below. In the event an apparent discrepancy is found between this Policy and the CGC, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the date an investment is purchased. Credit ratings, as shown, specify the minimum credit rating category required at purchase without regard to +/- or 1, 2, 3 modifiers, if any. In the event a security held by the Authority is subject to a credit rating change that brings it below the minimum credit ratings specified in the Policy, the Chief Financial Officer should notify the Commission of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security.

- A. **United States Treasury Issues.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation on the percentage of the portfolio that may be invested in this category.
- B. **United States Agency Obligations.** Federal agency or United States government-sponsored enterprise senior debt obligations, participations, mortgaged-backed securities, or other instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States government-sponsored enterprises. Examples of these securities include the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank. There is no limitation on the percentage of the portfolio that may be invested in this category.
- C. **Municipal Debt.** Registered treasury notes or bonds of this state or any of the other 49 United States, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state or any of the other 49 United States.

Bonds, notes, warrants, or other evidence of indebtedness of any local agency, including the Authority's own bonds, within this state, including bonds payable solely out of 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.

Purchases are limited to securities that have a long-term debt rating of at least "A", or its equivalent, by a Nationally Recognized Statistical Rating Organization (NRSRO); and/or have a short-term debt rating of at least "A-1", or its equivalent by a NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

- D. **Medium-Term Notes.** Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities that have a long-term debt rating of at least "A", or its equivalent, by a NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.
- E. **Negotiable Certificates of Deposit.** Negotiable certificates of deposits (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions that have a long-term debt rating of at least "A", or its equivalent, by a NRSRO; and/or have a short-term debt rating of at least "A-1", or its equivalent, by a NRSRO. NCDs for which the full amount of the principal and interest that may be accrued during the maximum term of each certificate is insured by federal deposit insurance are exempt from the rating requirements. All purchases shall not exceed the Federal Deposit Insurance Corporation (FDIC) insured limit. The current FDIC Negotiable CD insured limit is \$250,000 (principal and interest). In combination with placement service CDs, a maximum of 30 percent of the portfolio may be invested in this category.
- F. **Placement Service Certificates of Deposit.** Certificates of deposits placed through a deposit placement service shall meet the requirements under CGC Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall, at all times, be insured by federal deposit insurance. In combination with negotiable certificates of deposit, a maximum of 30 percent of the portfolio may be invested in this category.
- G. **Bank Deposits.** FDIC insured or fully collateralized bank deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts, time deposits, and certificates of deposits in financial institutions located in California. Bank deposits are required to be collateralized as specified under CGC Section 53630 et. seq. Agreements allowing for the waiver of the collateral requirement for that amount of deposit covered by the FDIC may be implemented provided the remainder of the deposit is secured by collateral as required by the CGC. The Authority shall have a signed agreement with any depository accepting Authority funds per CGC Section 53649. The maturity of time deposits (TCDs) may not exceed one year. There is no limit on the

percentage of the portfolio that may be invested in bank deposits. However, a maximum of 20 percent of the portfolio may be invested in TCDs.

- H. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated at least “A”, or its equivalent, by a NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 15 percent of the portfolio may be invested in this category.

- I. **Bankers’ Acceptances.** Bankers’ acceptances, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank. Purchases are limited to bankers’ acceptances issued by domestic banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers’ acceptances may not exceed 180 days maturity. Eligible bankers’ acceptances are restricted to issuing financial institutions with a short-term debt rating of at least “A-1”, or its equivalent, by a NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.
- J. **State of California Local Agency Investment Fund (LAIF).** The LAIF is a special fund in the California State Treasury and an investment alternative for California’s local governments and special districts created and governed pursuant to CGC 16429.1 et seq. and managed by the State Treasurer’s Office. There is no limitation on the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the current maximum allowed by LAIF.
- K. **Local Government Investment Pools (LGIP).** Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.37. To be eligible for purchase, the pool shall meet all of the following conditions: (i) must meet the requirements of CGC Section 53601(p), (ii) the pool must seek to maintain a stable Net Asset Value (“NAV”), and (iii) the pool must be rated at least “AAm”, or its equivalent, by a NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

Whenever the Authority has any funds invested in a Local Government Investment Pool, the Chief Financial Officer shall maintain on file a copy of the pool’s current information statement. In addition, the Chief Financial Officer should review the pool’s summary portfolio holdings on a quarterly basis.

- L. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the SEC.

The company shall have met either of the following criteria: (i) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs and (ii) retained an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds

with assets under management in excess of five hundred million (\$500,000,000). A maximum of 15 percent of the portfolio may be invested in this category.

If the Authority has funds invested in a money market fund, a copy of the fund's information statement shall be maintained on file. In addition, the Chief Financial Officer should review the fund's summary holdings on a quarterly basis.

- M. Repurchase Agreements.** Repurchase agreements are to be used as short-term investments not to exceed 90 days. Repurchase agreements shall only be made with counterparties that are primary dealers of the Federal Reserve Bank of New York or a nationally or state-chartered bank that has had a significant banking relationship with the Authority. Furthermore, the counterparty shall have the following qualifications: (i) a long-term debt rating of at least "A", or its equivalent, by a NRSRO; (ii) a short-term credit rating of at least "A-1", or its equivalent, by a NRSRO; (iii) minimum assets and capital size of \$25 billion in assets and \$350 million in capital; (iv) five years acceptable audited financial results; and (v) a strong reputation among market participants.

The Authority shall have a properly executed master repurchase agreement with each counterparty. Collateral of at least 102 percent of market value of principal and accrued interest is required. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must be calculated each time there is a substitution of collateral. Collateral is limited to obligations of the United States government and its agencies. Collateral must be delivered to the Authority's custodian bank or handled under a properly executed master repurchase agreement. The Authority, or its trustee, shall have a perfected first security interest in all collateral. A maximum of 10 percent of the portfolio may be invested in this category.

- N. Prohibited Investments.** Section 53601.6 of the CGC lists the investments that are prohibited. Prohibited investments shall include, but are not limited to, equity securities, inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, or any investment that could result in zero interest earned if held to maturity.

## **9.0 REVIEW OF INVESTMENT PORTFOLIO**

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

## **10.0 INVESTMENT POOLS/ MUTUAL FUNDS**

A thorough investigation of any investment pool or mutual fund is required prior to investing, and on a continual basis. The investigation will, at a minimum, obtain the following information:

- A. A description of eligible investment securities, and a written statement of investment policy and objectives;
- B. A description of interest calculations and how it is distributed, as well as how gains and losses are treated;
- C. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited;
- D. A description of who may invest in the program, how often, and what size deposit and withdrawals are allowed;
- E. A schedule for receiving statements and portfolio listings;
- F. Whether reserves, retained earnings, etc. are utilized by the pool/fund;
- G. A fee schedule along with when and how they are assessed; and
- H. Whether the pool/fund is eligible for bond proceeds and/or whether it accept such proceeds.

## **11.0 COLLATERALIZATION**

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 anticipate market changes and provide a level of security for all funds, the collateralization level will be 110 percent of market value for Certificates of Deposit and 102 percent for repurchase agreements of principal and accrued interest.

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 years.

## **12.0 SAFEKEEPING AND CUSTODY**

To protect against potential losses by collapse of individual securities dealers, all trades will be executed on a delivered versus payment basis with the securities to be held in safekeeping by a third-party custodian, acting as agent for the Authority under terms of a custody agreement or a Master Repurchase Agreement. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) LAIF and local government investment pools (LGIPs); (ii) placement certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each of these investments will be held by the Chief Financial Officer.

No outside broker/dealer or advisor may have access to the Authority's funds, accounts, or investments. Any transfer of funds handled through a broker/dealer must be approved by persons identified in the "Delegation of Authority" section of this Policy.

### **13.0 DIVERSIFICATION AND MAXIMUM MATURITIES**

The Authority will diversify its investments by security type and institution. With the exception of U.S. Treasuries, U.S. Agency Securities, FDIC Insured Certificates of Deposit, and authorized pools, no more than 30% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution.

To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow and approved in advance by the Board of Commissioners, the Authority will not directly invest in securities maturing more than five years from the date of purchase.

### **14.0 INTERNAL CONTROLS**

The Chief Financial Officer shall establish a system of internal controls designed to prevent losses due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, and/or imprudent actions by employees of the Authority. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (i) the cost of a control should not exceed the benefits likely to be derived, and (ii) the valuation of costs and benefits require estimates and judgements by management. Compliance with this Policy and internal controls shall be reviewed annually by the Authority's independent, external auditor.

### **15.0 PERFORMANCE STANDARDS**

The investment portfolio will be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints, and the cash flow needs.

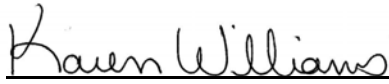
The Authority's investment strategy is passive. The performance of the Authority's investment portfolio will be evaluated and compared to an appropriate benchmark in order to assess the success of the investment portfolio relative to the Authority's Safety, Liquidity, and Return on Investments objectives. The review will be conducted annually by the Chief Financial Officer.

### **16.0 REPORTING**

Under provision of Section 53646 of the CGC, the Chief Financial Officer shall render a monthly report to the 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 also shall 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 Commission or by amendment to the above section of CGC and its successors. The report shall include a statement denoting the Authority's ability to meet its expenditure requirements for the following six-month period, or an explanation as to why sufficient funding 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.

**17.0 INVESTMENT POLICY ADOPTION**

The Authority's Investment Policy shall be adopted by Resolution of the Board of Commissioners. The Policy shall be reviewed on an annual basis and modifications, if any, must be approved by the Commission.



**Karen L Williams**  
Chief Financial Officer  
Santa Ana Watershed Project Authority

June 18, 2019

Date



## GLOSSARY OF INVESTMENT TERMS

**AGENCY SECURITIES:** Securities issued by any of several U. S. government-sponsored entity (GSE) and federally related institutions. 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 PRICE:** The price at which securities are offered for sale; also known as offering price.

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

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio’s investments.

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

**BID PRICE:** The price offered for securities.

**BOND PROCEEDS:** The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These funds are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

**BOOK VALUE:** The value at which a debt security is shown on the holder’s balance sheet. Book value is often acquisition cost plus/minus amortization and accretion, which may differ significantly from the security’s current value in the market.

**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 specific conditions.

**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, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public funds.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report of the Santa Ana Watershed Project Authority. It includes financial statements for each individual fund prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provision, extensive introductory material, and a detailed Statistical Section.



**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.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**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.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose values is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its 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 with the goal of spreading risk throughout the portfolio holdings.

**DURATION:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

**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 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.

**FEDERAL FARM CREDIT BANK (FFCB):** Government-sponsored institution that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Its securities do not carry direct U.S. Government guarantees.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. This rate is considered to be the most sensitive indicator of the direction of interest rates, as it 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. Although the banks operate under federal charter with government supervision, the securities are not guaranteed by the U.S. Government.

**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 also are highly liquid and are widely accepted. FNMA securities do not carry direct U.S. Government guarantees.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the 12 Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**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., 12 regional Banks and about 5,700 commercial banks that are members of the system.

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA):** The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 4,750 brokerage firms,

about 167,000 branch offices, and approximately 634,000 registered securities representatives.

**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.

**INTEREST ONLY STRIPS:** The interest portion of a Treasury note or bond that has been stripped of its principal component through the commercial book-entry system.

**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.

**INVERSE FLOATER:** Fixed income instrument whose coupon or interest rate is periodically reset according to a short-term rate index such as LIBOR, or prime rate. Unlike the traditional floating rate instrument, however, the inverse floater's rate is set equal to a fixed rate minus the short-term rate index.

**INVESTMENT POLICY:** A clear and concise 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.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** A voluntary program created by state statute as an investment alternative for California's local governments and Special Districts under the administration of the California State Treasurer's Office. All securities are purchased under the authority of the Government Code Section 16430 and 16480.4.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** A state or local government pool offered to public entities for the investment of public funds.

**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.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**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 credit rating agency that provides credit ratings that are used by the U.S. Government and investors as benchmarks. Examples include Moody's, Standard & Poor's, and Fitch Ratings.

**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.

**OFFER:** The price asked by a seller of securities.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are Federal Reserve's most important and most flexible monetary policy tool.

**PAR VALUE:** The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

**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.

**PRINCIPAL:** The face or par value of a debt instrument or the amount of capital invested in a given security.

**PRUDENT PERSON RULE:** An investment standard. The way a prudent person of discretion and intelligence would be expected to manage the investment program in seeking a reasonable income and preservation of capital.

**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.

**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.

**REPURCHASE AGREEMENT (REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

**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 market 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.

**SEC RULE 15(C)3-1:** See Uniform Net Capital Rule.

**SPREAD:** The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

**SWAP:** An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount.

**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 BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to ten years.

**UNDERWRITER:** A dealer that purchased a new issue of municipal securities for resale.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to

purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**U. S. TREASURY OBLIGATIONS:** Debt obligations of the U.S. Government sold by the Treasury Department in the form of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligation that mature between two and ten years. Bonds are long-term debt that generally mature in ten years or more.

**YIELD:** The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.

**YIELD CURVE:** Yield calculations of various maturities of instruments of the same quality at a given time to observe spread differences.

**ZERO-INTEREST BOND:** A bond on which interest is not payable until maturity (or early redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-interest bonds are typically issued at a discount and repaid at par upon maturity.

**CERTIFICATION OF UNDERSTANDING**

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

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

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

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

I attest to the accuracy of the responses to the Authority’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 your financial institution will be guaranteed any portion of the investment business with the Santa Ana Watershed Project Authority.

FIRM NAME \_\_\_\_\_

SIGNED \_\_\_\_\_

DATE \_\_\_\_\_

**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: \_\_\_\_\_ Manager/Partner-In-Charge:

Name \_\_\_\_\_ Name \_\_\_\_\_

Telephone \_\_\_\_\_ Telephone \_\_\_\_\_

Years in institutional sales \_\_\_\_\_ Years in institutional sales \_\_\_\_\_

Years with firm \_\_\_\_\_ 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?

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11. Please provide your wiring and delivery instructions. \_\_\_\_\_

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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? \_\_\_\_\_

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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?

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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? \_\_\_\_\_

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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. (Copy of a Published Financial Statement)
21. Attach proof of Financial Industry Regulatory Authority (FINRA) 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*  
(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. 2018-XX, 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**

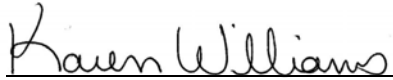
The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principles. The objectives will be achieved by use of the following strategies:

- 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 19, 2018

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**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

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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.

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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

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## COMMISSION MEMORANDUM NO. 2019.63

**DATE:** June 18, 2019

**TO:** SAWPA Commission

**SUBJECT:** Inland Empire Brine Line Pretreatment Program Sample Collection and Analysis

**PREPARED BY:** David Ruhl, Engineering Manager

### RECOMMENDATION

That the Commission authorize the General Manager to execute the following:

1. Work Order No. 2020-02 to E.S. Babcock Laboratories (Babcock) in the amount of \$91,949 for sample collection and analysis services; and
2. Work Order No. 2020-01 to Western Municipal Water District (WMWD) in the amount of \$75,000 for SAWPA's sample collection program.

### DISCUSSION

Water quality monitoring activities are a very important component of the Inland Empire Brine Line Pretreatment program. Discharge monitoring is conducted to verify compliance with permit conditions, SAWPA Ordinance No. 8, discharge limitations and for billing purposes. In addition, water quality monitoring is conducted at the OCSD SARI metering station for purposes of billing between SAWPA and OCSD. As the delegated control authority SAWPA and the member/contract agencies are responsible to conduct compliance monitoring for those parameters identified in the discharger permits and at a frequency defined in the Pretreatment Program Procedures. SAWPA is responsible for the monitoring activities for the permits issued by SAWPA (15 Industrial User Permits and 11 emergency permits) while member/contract agencies conduct the monitoring activities for non-agency industrial dischargers within their service boundaries (40 permits).

Currently, SAWPA contracts with Babcock for water quality analysis of all samples collected at all SAWPA issued permit locations, the SARI Metering Station and special sampling events as needed. Babcock has been very responsive to SAWPA's pretreatment needs and it is desired to continue to work with Babcock due to their expert technical services and continuation of work previously provided. The sample analysis and collection Work Order with Babcock includes the cost for analysis of over 3,000 samples in support of the Brine Line Pretreatment Program.

SAWPA staff provides water quality sample collection at ten (10) SAWPA issued permit locations. SAWPA contracts with WMWD to provide water quality sample collection at five (5) SAWPA issued permit locations including the SARI Metering Station which is sampled on a weekly basis. It is desired to continue to work with WMWD due to their expert technical services, their knowledge of the discharger facilities and continuation of work previously provided. The sample collection Work Order with WMWD is to support the Brine Line Pretreatment Program by collecting samples at the OCSD SARI Metering Station, JCSD, Chino Basin Desalter Authority and Stringfellow facilities.

**CRITICAL SUCCESS FACTORS**

8. Operate the Brine Line to: (1) protect the OCSD treatment plant and the environment from non-compliant dischargers, and (2) eliminate any uncontrolled pipe releases.

**RESOURCE IMPACTS**

Funds for the Sample Collection and Analysis Contracts are budgeted in the Fund 240 – Brine Line Enterprise budget for FY19-20.

Attachments:

1. PowerPoint Presentation
2. E.S. Babcock Work Order No 2020-02
3. WMWD Work Order No 2020-01

# Inland Empire Brine Line Pretreatment Program Sample Collection and Analysis

June 18, 2019

1

## Pretreatment Program Sample Collection and Analysis

- **Recommendation to Commission**
  - Authorize the GM to execute the following:
    - Work Order 2020-02 to E.S. Babcock Laboratories in the amount of \$91,949 for sample collection and analysis services; and
    - Work Order 2020-01 to WMWD in the amount of \$75,000 for SAWPA's sample collection program

2

# Pretreatment Program

- SAWPA is considered the Delegated Control Authority and along with its Member and Contract Agencies administer the program



3

# Pretreatment Program

- Permitting, inspection, monitoring, reporting and enforcement
- Currently 76 Permitted Users
  - 33 Direct Discharger Permits
  - 21 Indirect Discharger Permits
  - 12 Emergency Permits
  - 10 Liquid Wastehauler Permits

4

# Pretreatment Program

- Permits by Agency

Agency	Direct	Indirect	Emrgy	LWH	Total
SAWPA	15	-	11	10	36
EMWD	1	1	-	-	2
IEUA	6	5	-	-	11
Valley	2	-	-	-	2
SBMWD	-	6	-	-	6
YVWD	-	-	-	-	0
WMWD	6	9	1	-	16
JCSD	3	-	-	-	3
<b>Total</b>	<b>33</b>	<b>21</b>	<b>12</b>	<b>10</b>	<b>76</b>

5

## Pretreatment Program Sample Collection and Analysis

- Verify compliance with permit conditions, Ordinance No. 8, discharge limitations and billing purposes
- Monitoring at OCSD SARI Metering station for the purposes of billing between SAWPA and OCSD

6

## Pretreatment Program Sample Collection and Analysis

- SAWPA Issued Permits
  - Babcock Laboratories provides water quality analysis (analysis on over 3,000 samples)
  - SAWPA Staff provides Sample Collection at minimum 10 locations (monthly and quarterly)
  - WMWD provides sample collection at 5 locations (monthly and quarterly) and at the OCSD SARI Metering Station (min. weekly)

7

## Pretreatment Program Sample Collection and Analysis

- Recommendation to Commission
  - Authorize the GM to execute the following:
    - Work Order 2020-02 to E.S. Babcock Laboratories in the amount of \$91,949 for sample collection and analysis services; and
    - Work Order 2020-01 to WMWD in the amount of \$75,000 for SAWPA's sample collection program

8



# Questions



# Santa Ana Watershed Project Authority

## WORK ORDER AUTHORIZATION

WORK ORDER NO.: 2020-02

Entry No.: PO00XXXX

Date: July 1, 2019

JOB NAME: Brine Line Sample Collection and Analysis

SERVICE PROVIDER: E.S. Babcock Laboratories, Inc. VENDOR NO.: 1404

ADDRESS: 6100 Quail Valley Court  
Riverside, CA 92507

SCOPE OF WORK: Provide water quality sampling and analysis in support of the Brine Line pretreatment program.

DATE OF COMPLETION: June 30, 2020

COST: \$91,949.00

PAYMENT: Upon receipt of invoice

REQUESTED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
*David Ruhl*

DEPARTMENT HEAD: \_\_\_\_\_ DATE: \_\_\_\_\_  
*David Ruhl*

FINANCE: \_\_\_\_\_ DATE: \_\_\_\_\_  
*Karen L. Williams*

FUNDING SOURCE: 240-00-60143-00  
*Brine Line Lab Costs*

COMMISSION AUTHORIZATION REQUIRED:  YES  NO

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
General Manager (or Designee) or  
Chief Financial Officer for  
SANTA ANA WATERSHED PROJECT AUTHORITY

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
*E.S. Babcock Laboratories, Inc.*

**ATTACHMENT A CONTAINS ADDITIONAL WORK ORDER TERMS AND CONDITIONS.  
READ THESE TERMS CAREFULLY.**



## ATTACHMENT A TERMS AND CONDITIONS

1. **Approval.** This Work Order is of no force or effect until signed by both parties. Service Provider shall not commence performance until such approval has been obtained.
2. **Amendment.** No amendment or variation of the terms of this Work Order shall be valid unless made in writing and signed by the parties. No oral understanding or agreement not incorporated in the Work Order is binding on any of the parties.
3. **Compliance with Laws and Regulation.** The Service Provider agrees that it shall, at all times, comply with, and require all of its subcontractors to comply with, all applicable federal, state and local laws, rules, regulations, guidelines. Service Provider, and its subcontractors, shall obtain and pay for all appropriate permits and licenses in order to perform the scope of work required by this Work Order.
4. **Governing Law.** This Work Order shall be governed by the laws of the State of California.
5. **Assignment of Contract.** This Work Order shall not be assigned by Service Provider without prior written authorization from the Santa Ana Watershed Project Authority (“SAWPA”).
6. **Contract Term.** The services provided under this Work Order shall be completed as outlined in the Scope of Work.
7. **Termination.** SAWPA reserves the right to terminate this Work Order, in whole or in part, without cause, at any time, by written notice to Service Provider. Such termination shall release SAWPA from any further liability, fee, cost or claim by the Service Provider other than for work performed to the date of termination. Upon receipt of a termination notice, the Service Provider shall immediately discontinue all work under this Work Order (unless the notice directs otherwise). SAWPA shall thereafter, within thirty (30) days of receipt of a valid invoice, pay the Service Provider for unpaid work performed to the date of termination.
8. **Prevailing Wage Law.** - SAWPA is subject to the provisions listed in the prevailing wage determination made by the Director of Industrial Relations pursuant to California Labor Code, Sections 1770, 1773 and 1773.1. Service Provider shall not pay less than the prevailing wage.
9. **Damage to SAWPA Property.** Any SAWPA property damaged by the Service Provider, or its employees, agents or subcontractors, shall be repaired or replaced by the Service Provider at no cost to SAWPA.

10. **Payment and Invoicing.** Upon approval by an authorized SAWPA employee, SAWPA will pay, within 30 days after receipt of valid, itemized invoices, submitted in duplicate, in a form acceptable to SAWPA to enable audit of the charges thereon. All such invoices shall be mailed to SAWPA, 11615 Sterling Avenue, Riverside, California 92503, attention Accounts Payable.
11. **Drug Free Workplace.** Service Provider's employees, agents and subcontractors shall adhere to, and comply with, the California Drug Free Workplace Act at Government Code, Sections 8350 through 8357.
12. **Safety.** Service Provider agrees to conform to, and comply with all applicable health and safety laws and regulations, including the Federal and State Occupational Safety and Health Act (OSHA) regulations. Service Provider assumes complete responsibility and liability for the safety of its employees, agents and subcontractors, and shall indemnify and hold harmless SAWPA from any claims, damages, fines, penalties, attorney's fees and costs arising from any injuries, damages or claims relating to this Work Order.
13. **Indemnification.** Service Provider shall hold harmless, defend and indemnify SAWPA and its officers, officials, employees, agents, volunteers and supervising engineer from and against any and all liability, loss, damage, expense, fines, penalties, and costs (including, without limitation, attorneys' fees and litigation expenses) of every nature arising out of or in connection with Service Provider's performance of the work under this Work Order or its failure to comply with any of its obligations contained in this Work Order, except such loss or damage which was caused by the active or sole negligence or willful misconduct of SAWPA.
14. **Insurance Requirements.** Service Provider shall procure and maintain for the duration of this Work Order insurance against claims for personal injuries or property damages which may arise from or relate to the performance of the work hereunder by the Service Provider, its employees, agents, subcontractors or representatives, as follows:
  - A. Commercial General Liability, including operations, products and completed operations shall have a liability limit of \$2,000,000 per occurrence for bodily injury, personal injury and property damage, \$1,000,000 if the total amount of the Work Order is less than \$35,000 and authorized by the General Manager. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work required by this Work Order or the general aggregate limit shall be twice the required occurrence limit. Coverage shall at least be as broad as Insurance Services Office Commercial General Liability Coverage (Form CG 00 01) or Insurance Services Office Form (CG 00 09 11 88 Owners and Contractors Protective Liability Coverage Form).
  - B. Automobile liability coverage shall be no less than \$1,000,000 per accident for bodily injury and property damage and coverage shall be at least as broad as Insurance Services Office Form CA 0001 covering Automobile Liability, Code C1 (any auto).
  - C. Workers Compensation Insurance as required by the State of California and Employer's Liability Insurance.

- D. Builders Risk (Course of Construction Insurance) covering all risks of loss for the completed value of the project with no co-insurance penalty provisions. SAWPA shall be named as a loss payee.  
 Yes  No
- E. Professional Liability Insurance in an amount of no less than \$1,000,000 as needed for any design-build requirements of this Work Order.  
 Yes  No
- F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by SAWPA in advance.
- G. SAWPA as Additional Insured. The Commercial General Liability and Automobile Liability Policies shall provide that SAWPA, its officers, officials, employees, agents, volunteers and supervising engineer are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Service Provider or arising out of work or operations performed by or on behalf of the Service Provider under this Work Order, including materials, parts or equipment furnished in connection with such work or operations. For any claims related to the work formed under this Work Order, the Service Provider's insurance coverage shall be primary as to SAWPA, its officers, officials, employees, agents, volunteers and supervising engineer. Any insurance maintained by SAWPA, its officers, officials, employees, agents, volunteers or supervising engineer shall be excess to Service Provider's insurance and shall not contribute with it. Each insurance policy required by this subsection shall be endorsed to state that coverage shall not be cancelled by either party except after thirty (30) days prior written notice to SAWPA.
- H. Waiver of Subrogation. Service Provider hereby agrees to waive subrogation which any insurer of Service Provider may require from Service Provider by virtue of the payment of any loss. Service Provider agrees to obtain any endorsement that may be necessary to give effect to this waiver of subrogation. The Workers Compensation policy shall be endorsed with a waiver of subrogation in favor of SAWPA for all work performed by Service Provider, its employees, agents and subcontractors.
- I. Acceptability of Insurers. Insurance required by this Section 14. is to be placed with an insurer admitted in and regulated by the State of California with a current AM Best rating of no less than A-VII. If the insurance company is not admitted in the State of California, it must be on the List of Eligible Surplus Line Insurers (LESLI), shall have a minimum AM Best rating of "A", Financial Category "X", and shall be domiciled in the United States, unless otherwise approved by SAWPA in writing.
- J. Coverage Verification. Service Provider shall furnish SAWPA with original certificates and amendatory endorsements effecting coverage required by this Section 14. All certificates and endorsements shall be in a form acceptable to SAWPA. Service Provider shall require and verify that all of its subcontractors maintain insurance meeting all of the requirements of this Section 14.

15. **Right to Review Services, Facilities and Records.** SAWPA reserves the right to review any portion of the services performed by the Service Provider under this Work Order, and the Service Provider agrees to cooperate to the fullest extent possible. The Service Provider shall furnish to SAWPA such reports, statistical data, and other information pertaining to the Service Provider's services as may be reasonably required by SAWPA.

The right of SAWPA to review or approve drawings, specifications, procedures, instructions, reports, test results, calculations, schedules, or other data that are developed by the Service Provider shall not relieve the Service Provider of any obligation set forth in this Work Order.

16. **Permits, Ordinances and Regulations.** Any and all fees required by State, County, local laws, regulations and/or tariffs that pertain to work performed under the terms of this Work Order shall be paid by the Service Provider.
17. **Independent Contractor.** The Service Provider, and its employees, agents and subcontractors operate as **independent contractors** and not as employees or agents of SAWPA.
18. **Disputes.** Contractor shall continue to perform as required by this Work Order during any dispute between SAWPA and Service Provider.
19. **Timeliness.** Time is of the essence for this Work Order.
21. **Unenforceable Provisions.** In the event that any provision of this Work Order is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Work Order shall continue to be in full force and effect and shall not be affected thereby.
21. **Dispute Resolution.** Any dispute which may arise under this Agreement shall first be submitted to non-binding mediation. Should any dispute remain unresolved by the mediation, then the parties shall submit the dispute to binding arbitration. In the event of any litigation or arbitration between the parties to enforce any of the provisions of this Agreement or any right of any party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the successful party all such costs and expenses, including reasonable attorneys' fees, incurred therein by the successful party.



# Santa Ana Watershed Project Authority

## WORK ORDER AUTHORIZATION

WORK ORDER NO.: 2020-01

Entry No.: PO00XXXX

Date: July 1, 2019

JOB NAME: Brine Line Sample Collection Support

SERVICE PROVIDER: Western Municipal Water District

VENDOR NO.: 1217

ADDRESS: 14205 Meridian Parkway  
Riverside, CA 92518

SCOPE OF WORK: Provide sample collection support for the Brine Line pretreatment program. Samples are to be collected at the SARI Metering Station (SMS or S-01) on a weekly, monthly, and quarterly basis; as well as samples collected at JCSD, CDA, and Stringfellow facilities.

DATE OF COMPLETION: June 30, 2020

COST: \$75,000.00

PAYMENT: Upon receipt of invoice

REQUESTED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
*David Ruhl*

DEPARTMENT HEAD: \_\_\_\_\_ DATE: \_\_\_\_\_  
*David Ruhl*

FINANCE: \_\_\_\_\_ DATE: \_\_\_\_\_  
*Karen L. Williams*

FUNDING SOURCE: 240-00-60148-03  
*Brine Line Sample Collection and Analysis*

COMMISSION AUTHORIZATION REQUIRED:  YES  NO

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
General Manager (or Designee) or  
Chief Financial Officer for  
SANTA ANA WATERSHED PROJECT AUTHORITY

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
*Western Municipal Water District*

SERVICE

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**COMMISSION MEMORANDUM NO. 2019.64**

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** SAWPA Building Renovations Project  
**PREPARED BY:** Carlos Quintero, Operations Manager

**RECOMMENDATION**

It is recommended that Commission authorize the General Manager to award a contract to the lowest, responsive and responsible bidder based on bid proposals received on June 17, 2019, for an amount yet to be determined, including a five percent contingency, for the SAWPA Building Renovations Project.

**DISCUSSION**

On June 4, 2019, the SAWPA Commission directed the General Manager to issue a Notice Inviting Bids for the SAWPA Building Renovations project, specifically to the renovation of both downstairs restrooms. The improvements include removal of existing wallpaper, painting, replacing floor tile, resetting the partitions, replacement of vanity counters, plumbing fixtures, and in one of the restrooms converting an existing shower into a restroom stall and installing a waterless urinal.

The Notice Inviting Bids was published in the Press Enterprise, the local newspaper, on June 5, 2019. A pre-bid meeting is scheduled for June 11, 2019. Work is expected to begin on July 8, 2019 and conclude by August 5, 2019.

**CRITICAL SUCCESS FACTORS**

N/A

**RESOURCE IMPACTS**

Funds for this effort have been allocated from the Building Reserve Fund.

Attachments:

1. Construction Agreement

AGREEMENT

THIS AGREEMENT is between the Santa Ana Watershed Project Authority (hereinafter called OWNER) and \_\_\_\_\_ (hereinafter called CONTRACTOR). OWNER and CONTRACTOR may be individually referred to as "Party" or collectively as "the Parties". OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1. WORK.

0.1. CONTRACTOR shall complete WORK as specified or indicated in the Contract Documents entitled Santa Ana Watershed Project Authority Building Renovations Project. The WORK is generally described as follows: removal of existing wallpaper, painting, replacing floor tile, resetting the partitions, replacement of vanity counters, plumbing fixtures, and in one of the restrooms converting an existing shower into a restroom stall and installing a waterless urinal.

2. ENGINEER.

2.1. OWNER is acting in the capacity of its own ENGINEER. The terms OWNER and ENGINEER are used interchangeably in the Contract Documents, unless otherwise specified.

3. CONTRACT TIMES AND LIQUIDATED DAMAGES.

3.1. Contract Times: CONTRACTOR shall achieve Substantial Completion within 30 calendar days from the commencement date stated in the Notice to Proceed. The WORK shall be completed and ready for final payment within 30 calendar days from the date when the Notice of Completion is filed with the County Recorder.

3.2. RESERVED

3.3. Liquidated Damages: OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the WORK is not completed within the times specified in paragraph 3.1 above, plus any extensions thereof. The Parties recognize the delays, expense, and difficulties involved in proving in a legal or other dispute resolution process the actual loss suffered by OWNER if the WORK is not completed on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER five hundred dollars (\$500.00) for each day that expires after any of the times or deadlines specified in paragraph 3.1 above, including Substantial Completion, Completion or the Milestone Dates.

4. CONTRACT PRICE.

4.1. OWNER shall pay CONTRACTOR for completion of the WORK in accordance with the Contract Documents in current funds the amount set forth in the Bid Schedule (included as an Exhibit to this Agreement), for a total contract price of \_\_\_\_\_ (\$\_\_\_\_\_).

5. RETENTION.

5.1. OWNER shall retain five (5) percent from the progress payments.

5.2. CONTRACTOR may elect to substitute securities of equivalent value in accordance with the requirements and procedures of Section 22300 of the Public Contract Code of the State of California.

6. INTEREST.

6.1. Monies not paid when due as provided in the Invitation to Bid and in Section 14 of the General Conditions shall accrue interest at the rate of one quarter (1/4%) percent per month.

7. CONTRACTOR'S REPRESENTATIONS.

7.1. In order to induce OWNER to enter into this Agreement, CONTRACTOR makes the following representations:

7.1.1. CONTRACTOR has thoroughly investigated and reviewed the Contract Documents, site, locality, general nature of WORK to be performed by CONTRACTOR or others at the site that relates to the WORK required by the Contract Documents, the physical conditions of the WORK site and area, and federal, state, and local Laws and Regulations that may affect, directly or indirectly, cost, progress, performance, or completion of the WORK.

7.1.2. RESERVED

7.1.3. CONTRACTOR has thoroughly investigated and reviewed the information and data shown or indicated in the Contract Documents and has included in its bid sufficient funds to cover all associated costs, without expectation of additional compensation.

7.1.4. CONTRACTOR has given OWNER written notice of conflicts, inconsistencies, errors, ambiguities, or discrepancies that it has discovered in the Contract Documents, and the written resolution thereof by OWNER is acceptable to CONTRACTOR, and the Contract Documents are sufficient to indicate and convey the understanding of terms and conditions for performing and furnishing the WORK. It shall be conclusively presumed that CONTRACTOR waives any claim that it may have, now or in the future, concerning any such conflicts, inconsistencies, errors, ambiguities or discrepancies.

7.1.5. CONTRACTOR assumes all risks for the following: All loss and damages which may arise out of the nature of the WORK required by the Contract Documents, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the WORK until acceptance by the OWNER, together with all risks in connection with the WORK and any and all expenses incurred by or in consequence of any suspension or discontinuance of the WORK, except where the Contract Documents expressly provides that such costs are to be borne by the OWNER.

7.1.6. RESERVED

7.1.7. RESERVED

8. CONTRACT DOCUMENTS.

8.1. The Contract Documents which comprise the entire Agreement between OWNER and CONTRACTOR concerning WORK are defined in Section 1 of the General Conditions.

9. WORKERS COMPENSATION INSURANCE.

9.1. By signing this Agreement, CONTRACTOR represents that it is aware of, and compliant with, the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and it will comply with such provisions before commencing the performance of the WORK of this Agreement.

10. ARBITRATION.

10.1. Any dispute which may arise under this Agreement by and between the OWNER and the CONTRACTOR, including the CONTRACTOR's subcontractors, laborers, and suppliers, shall be submitted to binding arbitration. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Unless the Parties stipulate to the contrary in writing, prior to the appointment of the arbitrator, all disputes shall be first submitted to non-binding mediation.

11. MISCELLANEOUS.

11.1. This Agreement and the Contract Documents may not be assigned by the CONTRACTOR without the written consent in advance of the OWNER. Monies that may become due and monies that are due may not be assigned without such written consent, and any such assignment will not release or discharge the CONTRACTOR from its obligations under the Contract Documents.

11.2. OWNER and CONTRACTOR each binds itself, its partners, successors, assigns, and legal representatives to the other Party hereto, its partners, successors, assigns, and legal representatives in respect of all covenants, agreements, and obligations contained in the Contract Documents.

11.3. If any arbitration or court action is commenced to enforce or interpret the terms of the Contract Documents, each Party shall bear its own attorneys' fees, costs, and other disbursements in pursuing such action. However, if any third party action is filed against the OWNER to enforce a Stop Notice or other claim related to the Contract Documents, the OWNER shall be entitled to recover from CONTRACTOR its attorneys' fees, costs, and other disbursements incurred in resolving or defending against such third-party action.

11.4. This Agreement, and the Contract Documents incorporated herein, constitutes the entire agreement between the Parties. No oral or written communications or negotiations that occurred before or during the execution of this Agreement will be considered to be a part of the Contract Documents. The Contract Documents can be modified only by a written document signed by both Parties or as may be provided in the Contract Documents.

11.5. There are no intended third party beneficiaries of any right or obligation assumed by the Parties under the Contract Documents.

11.6. This Agreement may be signed in counterparts. Each person executing this Agreement represents that the execution of the Agreement has been duly authorized by the Party on whose behalf the person is executing the Agreement, and that such person is authorized to execute the Agreement on behalf of such Party.

11.7. If any provision of the Contract Documents is determined by an arbitrator or court of law to be illegal or unenforceable, the same shall be severed from the Contract Documents, and the remainder of the Contract Documents shall be given full force and effect.

11.8. Time is of the essence of the Contract Documents.

11.9. All insurance required in the Contract Documents shall be maintained at a minimum for the duration of the term of the Contract, unless otherwise specified in the Contract Documents.

IN WITNESS WHEREOF, OWNER and CONTRACTOR have signed \_\_\_ copies of this Agreement.  
All portions of the Contract Documents have been signed or identified by OWNER and CONTRACTOR.

OWNER: Santa Ana Watershed Project  
Authority

Dated: \_\_\_\_\_ By \_\_\_\_\_  
RICHARD HALLER, General Manager

Address for giving notices: SAWPA, 11615 Sterling Avenue, Riverside, CA 92503

CONTRACTOR: \_\_\_\_\_

License No. \_\_\_\_\_

Date \_\_\_\_\_ By \_\_\_\_\_  
(President or Vice-President)

(Name and Title)

\_\_\_\_\_

Date \_\_\_\_\_ By \_\_\_\_\_  
(Secretary or Treasurer)

(Name and Title)

\_\_\_\_\_

[CORPORATE SEAL]  
(If CONTRACTOR is a corporation, attach  
evidence of authority to sign.)

Address for giving notices: \_\_\_\_\_

Agent for service of process: \_\_\_\_\_

## COMMISSION MEMORANDUM NO. 2019.65

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** ASCE CA Infrastructure Report Card Update  
**PREPARED BY:** Mark Norton, PE, Water Resources & Planning Manager

### RECOMMENDATION

Receive and file this report about the 2019 Report Card for California's Infrastructure Report Card.

### DISCUSSION

On May 2019, the American Society of Civil Engineers (ASCE) released its 2019 California Infrastructure Report Card. The report card, structured similar to the ASCE National Infrastructure Report Card, provides a report card grade for 18 categories of infrastructure across the State. The development of the Report Card was completed by a committee of over 100 professionals and experts from California who collected and evaluated existing data, assessed the infrastructure, documented their findings, and developed recommendations. The infrastructure report card grades were based on eight criteria: 1) Condition, 2) Capacity, 3) Funding, 4) Future Need, 5) Operation and Maintenance, 6) Public Safety, 7) Resilience, and 8) Innovation. Each chapter of the report describes these criteria and what more can be done to raise the grades. The report card also will serve as an important tool to help agencies request and receive the resources they need. It is important to note that this report card and the grades shown reflect the condition of the infrastructure, and not the diligent local agency personnel who manage, repair, renew, and replace aging systems, with the often times limited available resources.

Mr. Mark Norton, PE, served as the co-chair for the Drinking Water Chapter, will provide a PowerPoint presentation about the grade results and what we can do to raise the grades.

### CRITICAL SUCCESS FACTORS

- 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.
- A strong reputation and sufficient capacity within SAWPA staff for strategic facilitation, planning, communication, leadership and community engagement.
- Data and information needed for decision-making is available to all.

### RESOURCE IMPACTS

Some staff time was provided to help support the development of the 2019 CA Infrastructure Report Card in line with water resource planning and support.

#### Attachments:

1. 2019 CAIRC PowerPoint Presentation

# 2019 California's Infrastructure Report Card

Presented by:

Mark Norton, PE, LEED AP, ENV SP  
SAWPA Water Resources & Planning Mgr.

Presented to:

SAWPA Commission

June 18, 2019



1

## Purpose of the Report Card - Mission




*To develop a 2019 Infrastructure Report Card  
that will be used effectively as a  
**public relations tool** with **State and Local Leaders**  
(elected officials), **the Public and the Media***

2



# The Team

Over 100 California professionals and experts dedicated their valuable time for this effort.



<b>R9 Director</b>	• Kwame Agyare	<b>Aviation</b>	• Co-Chairs: Larry Pierce
<b>CAIRC Co-Chair</b>	• Tony Akel	<b>Bridges</b>	• Co-Chairs: Ed Thometz / Jack Abcarius
<b>CAIRC Co-Chair</b>	• John Hogan	<b>Dams</b>	• Chair: Elizabeth Bialek
<b>Executive Review Committee</b>	• Harvey Gobas, Chair • Larry Pierce • Ken Rosenfield • Shahn Ahmad	<b>Drinking Water</b>	• Co-Chairs: Mark Norton / Xavier Irias
<b>Release Event</b>	• Ken Rosenfield • Richard Markuson • Anne Etsy	<b>Energy</b>	• National Staff
<b>National Gov. Relations</b>	• Anna Denecke • Emily Castellano	<b>Hazardous Waste</b>	• Chair: Scott Bourne
		<b>Inland Waterways</b>	• Chair: Ruwanka Purasinghe
		<b>Levees</b>	• Co-Chairs: Mike Inanime / Larry Smith
		<b>Ports</b>	• Co-Chairs: Ernie Medina / Charlene Dennis
		<b>Public Parks</b>	• Chair: Hugo Cabreiros
		<b>Rail</b>	• Co-Chairs: Don Sepulveda / Marc Canas
		<b>Roads</b>	• Co-Chairs: Aly Tawfic / Ted Mooradian
		<b>Schools</b>	• Co-Chairs: Alan Mok / Tom Duffy
		<b>Solid Waste</b>	• Chair: Chuck White
		<b>Transit</b>	• Chair: Tricia McColl
		<b>Stormwater</b>	• Chair: Scott Taylor
		<b>Wastewater</b>	• Co-Chairs: Armando Rodriguez / Brian Spindor

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# Infrastructure Categories and Grading Methodology

4

# Report Cards Categories

## ASCE CALIFORNIA INFRASTRUCTURE REPORT CARD 2006

www.ascecareportcard.org

Aviation	C-
Levees / Flood Control	F
Parks / Open Space	D+
Ports	C+
Solid Waste	B
Transportation	D+
Urban Runoff	D+
Wastewater	C+
Water	C+
<b>California's Infrastructure GPA</b>	<b>C</b>
Annual Investment Needs	\$37 Billion

8 Categories in 2006

## ASCE CALIFORNIA INFRASTRUCTURE REPORT CARD 2012

www.ascecareportcard.org

	2006	2012
Aviation	C-	C+
Levees / Flood Control	F	D
Ports	C+	B-
Solid Waste	B	B
Transportation	D+	C-
Urban Runoff	D+	D+
Wastewater	C+	C+
Water	C+	C
<b>California's Infrastructure GPA</b>	<b>C-</b>	<b>C</b>
Annual Investment Needs (Billions)	\$37	\$65

8 Categories in 2012

## ASCE AMERICAN SOCIETY OF CIVIL ENGINEERS 2019 California Infrastructure Report Card

Aviation
Bridges
Dams
Drinking Water
Energy
Hazardous Waste
Inland Waterways
Levees
Ports
Public Parks
Rail
Roads
Schools
Solid Waste
Transit
Wastewater
Stormwater

17 Categories in 2019

5

## Grading Methodology

The grades were based on **8 Key Criteria**



## GRADING METHODOLOGY

The 2019 Report Card for California's Infrastructure was completed by a committee of over 100 professionals and experts from California who dedicated their valuable time to collect and evaluate existing data, assess the infrastructure, document their findings, and develop recommendations. The committee worked with staff from ASCE National and ASCE's Committee on America's Infrastructure to provide a snapshot of our infrastructure, as it relates to us at home, and on a national basis.

The Report Card Sections are graded based on the following eight criteria:

**CAPACITY** Does the infrastructure's capacity meet current and future demands?

**CONDITION** What is the infrastructure's existing and near-future physical condition?

**FUNDING** What is the current level of funding from all levels of government for the infrastructure category as compared to the estimated funding need?

**FUTURE NEED** What is the cost to improve the infrastructure? Will future funding prospects address the need?

**OPERATION AND MAINTENANCE** What is the owners' ability to operate and maintain the infrastructure properly? Is the infrastructure in compliance with government regulations?

**PUBLIC SAFETY** To what extent is the public's safety jeopardized by the condition of the infrastructure and what could be the consequences of failure?

**RESILIENCE** What is the infrastructure system's capability to prevent or protect against significant multihazard threats and incidents? How able is it to quickly recover and reconstitute critical services with minimum consequences for public safety and health, the economy, and national security?

**INNOVATION** What new and innovative techniques, materials, technologies, and delivery methods are being implemented to improve the infrastructure?

6

## Grading Scale

Grading uses “A-F” school report card format, intended to communicate the condition of the infrastructure to elected local and state leaders and the public



## GRADING SCALE



### EXCEPTIONAL: FIT FOR THE FUTURE

The infrastructure in the system or network is generally in excellent condition, typically new or recently rehabilitated, and meets capacity needs for the future. A few elements show signs of general deterioration that require attention. Facilities meet modern standards for functionality and are resilient to withstand most disasters and severe weather events.



### GOOD: ADEQUATE FOR NOW

The infrastructure in the system or network is in good to excellent condition; some elements show signs of general deterioration that require attention. A few elements exhibit significant deficiencies. Safe and reliable with minimal capacity issues and minimal risk.



### MEDIOCRE: REQUIRES ATTENTION

The infrastructure in the system or network is in fair to good condition; it shows general signs of deterioration and requires attention. Some elements exhibit significant deficiencies in conditions and functionality, with increasing vulnerability to risk.



### POOR: AT RISK

The infrastructure is in poor to fair condition and mostly below standard, with many elements approaching the end of their service life. A large portion of the system exhibits significant deterioration. Condition and capacity are of significant concern with strong risk of failure.



### FAILING/CRITICAL: UNFIT FOR PURPOSE

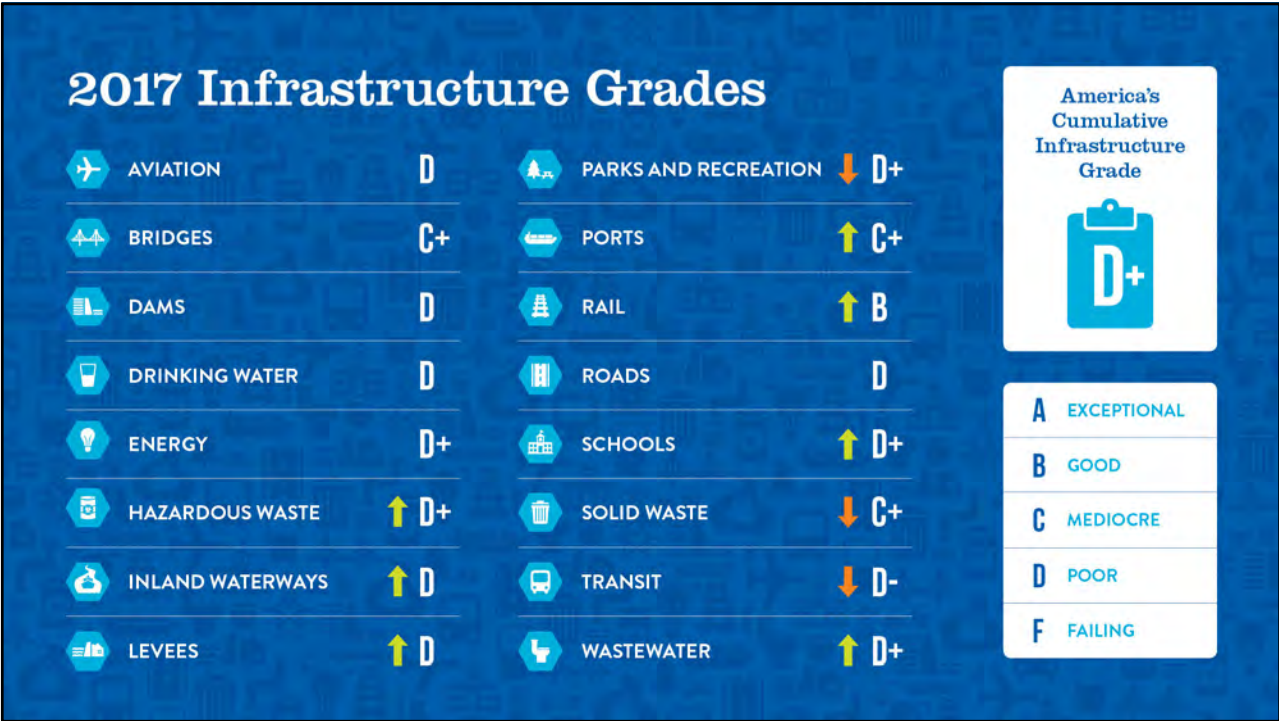
The infrastructure in the system is in unacceptable condition with widespread advanced signs of deterioration. Many of the components of the system exhibit signs of imminent failure.

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## 2017 National Infrastructure Report Card

8



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# 2019 California Infrastructure Report Card Summary

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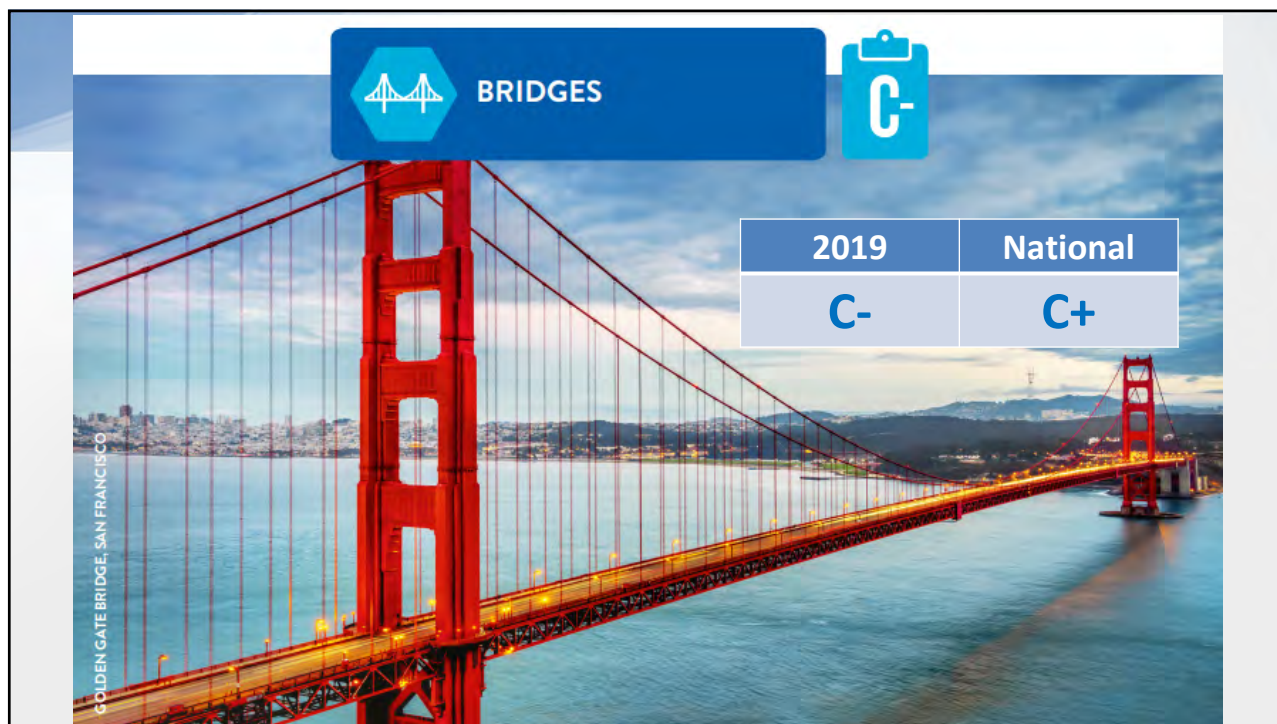
13

## AVIATION C+




- California has 26 commercial service airports and 217 general aviation airports.
- Overall, runway condition is good, but airport capacity is the main challenge.
- 20% of flights were delayed across the top 10 airports in CA in 2017, which is slightly more than the national average of 18.36%.
- 11 airports rank within the top 100 Commercial Service Airports.
  - LAX – 2<sup>nd</sup>
  - SFO – 7<sup>th</sup>
- In 2017, California published a 10-year Capital Improvement Plan, which identified \$2.77 billion in funding needs for 1,735 aviation projects.
- Continued investment is needed to keep up with a growing economy and population.

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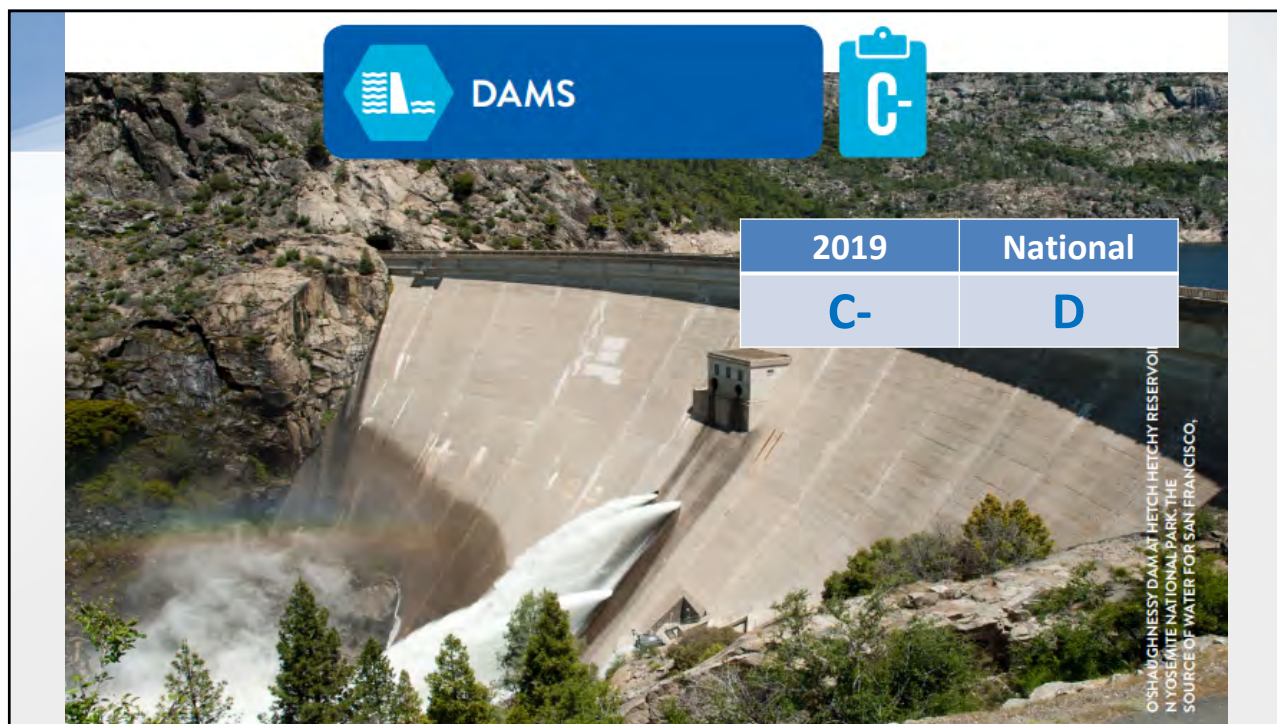
## BRIDGES C-



- Approximately 50% of bridges in the state have exceeded their design life and the backlog of recommended maintenance, repair, and replacement work continues to grow.
- 13 of the top 25 most traveled structurally deficient bridges in the U.S. are in California.
- 6.2% of California bridges are structurally deficient.
- California is home to the second largest percentage of functionally obsolete bridges.
- The 30% of bridges in the state that are in fair condition require maintenance to ensure they do not slip down to the “poor” category.

16





17

## DAMS C-

- **Approximately 70% of California's dams are greater than 50 years old.**
  - Aging dam infrastructure challenges must be met with increased resources to ensure their reliability and safety.
- Dams provide 70% of California's water supply, 15% of the power, flood control, recreation, fisheries and wildlife habitat.
- **Over half** of California's 1,476 state, federal, and locally owned dams are considered high hazard dams.
- An estimated \$2.5 billion is needed to repair dams statewide.
  - Fortunately, funding for dam inspection has increased in recent years. In 2015, the California Division of Safety of Dams budget was approximately \$13 million, up from \$11 million in 2010. This increase kept funding on par with inflation.


18





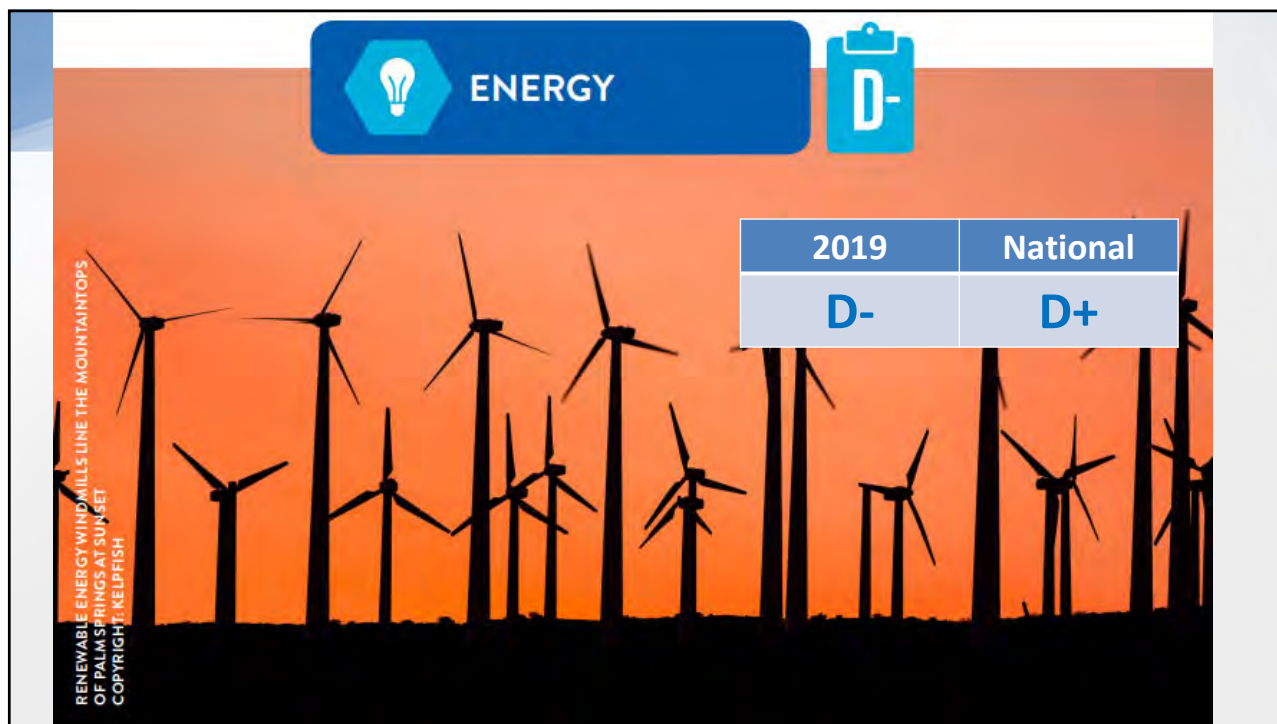
19

## DRINKING WATER C



- Due to variations in water availability, California built a vast network of water storage and conveyance facilities. Today, much of this network is aging.
  - In San Francisco, approximately 150 miles of the 1,200 miles of drinking water pipes are over 100 years old.
  - The Los Angeles Department of Water and Power reports that approximately 33% of the city's 6,780 miles of water pipes were installed before 1938.
- Urban areas in the state generally have state-of-the-art water treatment facilities, while rural areas are dependent on wells – which can be inadequate during dry years.
- To fund and finance necessary drinking water infrastructure projects, water rates have risen, and voters passed Prop 1 and Prop 68 to finance water quality and supply projects. While the additional revenue is helpful, it does not cover all needs throughout the state.

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21

## ENERGY D-

REPORT CARD FOR CALIFORNIA'S INFRASTRUCTURE 2019

- California's energy systems have generally met the needs of consumers, but the network faces many challenges including: fire threats, seismic events, storms, gas storage mishaps, elevated cost of service, aging equipment, inferior design, poor right-of-way vegetation management.
- California receives and generates energy through a variety of sources, primarily from natural gas, nuclear, and utility-scale solar and wind.
- Increased renewable energy contribution has had a major impact on the overall capacity of the California electric grid.
  - California now has a legislatively-mandated target of 100% clean energy by 2045, but the cost of building infrastructure to support this goal is unknown.
- Natural gas continues to help meet peak electric and heating demands, but the state depends on in-state production and imports, which requires extensive processing resulting in high pricing to the consumer.

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## HAZARDOUS WASTE C-

- California does not meet its own hazardous waste disposal needs.
  - Over half of all hazardous waste generated is exported to surrounding states for landfill disposal.
- In 2017, California generated 3.8 million tons of hazardous waste and cleaned up 1,800 contaminated sites.
- An estimated 90,000 properties in California are contaminated with some level of toxic substances.
- It costs \$3.4 billion per year to continue operating California’s existing hazardous waste infrastructure.
  - This spending is necessary for improved human health and a cleaner environment.
  - Upkeep also has economic benefits including reduced health-care costs for exposure related illness, increased land values, more land available for housing and conservation, and returning hazardous recyclables back into industrial production.
- Hazardous waste challenges include fluctuating funding levels, new contaminants and knowledge of health effects, increase in use of consumer electronics, rising compliance costs for private businesses and public entities.

24



SUNRISE ON THE DEER WATER CHANNEL WITH THE STOCKTON ARENA ACROSS THE WATER. COPYRIGHT: DAVID SKINNER

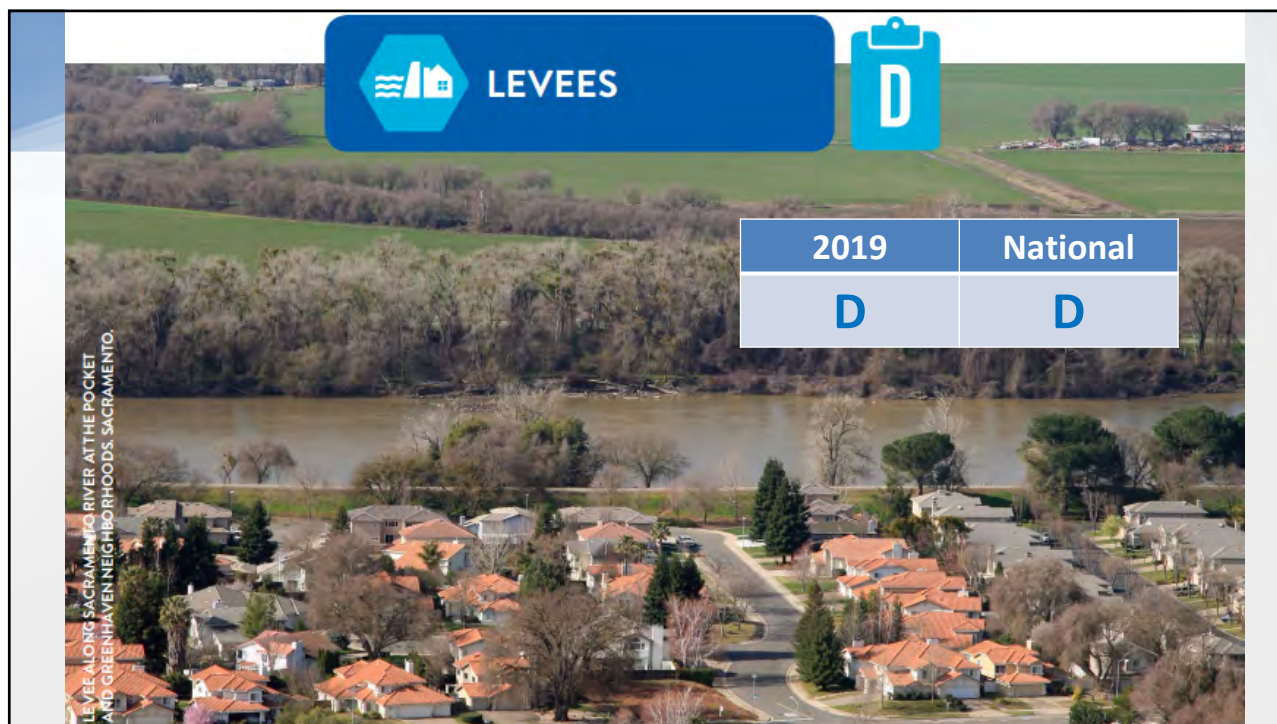
2019	National
D	D

25

## INLAND WATERWAYS **D**


- The USACE operates and maintains two inland waterways in California; the Sacramento Deep Water Ship Channel (DWSC) and the Stockton (DWSC).
- **Both waterways face similar issues: they are not wide or deep enough for larger ships.**
  - To deepen the Sacramento DWSC, it would cost an estimated \$17 million; to deepen the Stockton DWSC, it would cost an estimated \$225 million.
  - Both of these projects have been on hold since 1990. These projects do not have not funding set aside yet for future fiscal years.
- **Currently, the Sacramento DWSC width is unsafe, particularly for marine vessels navigating the canal in inclement weather.**

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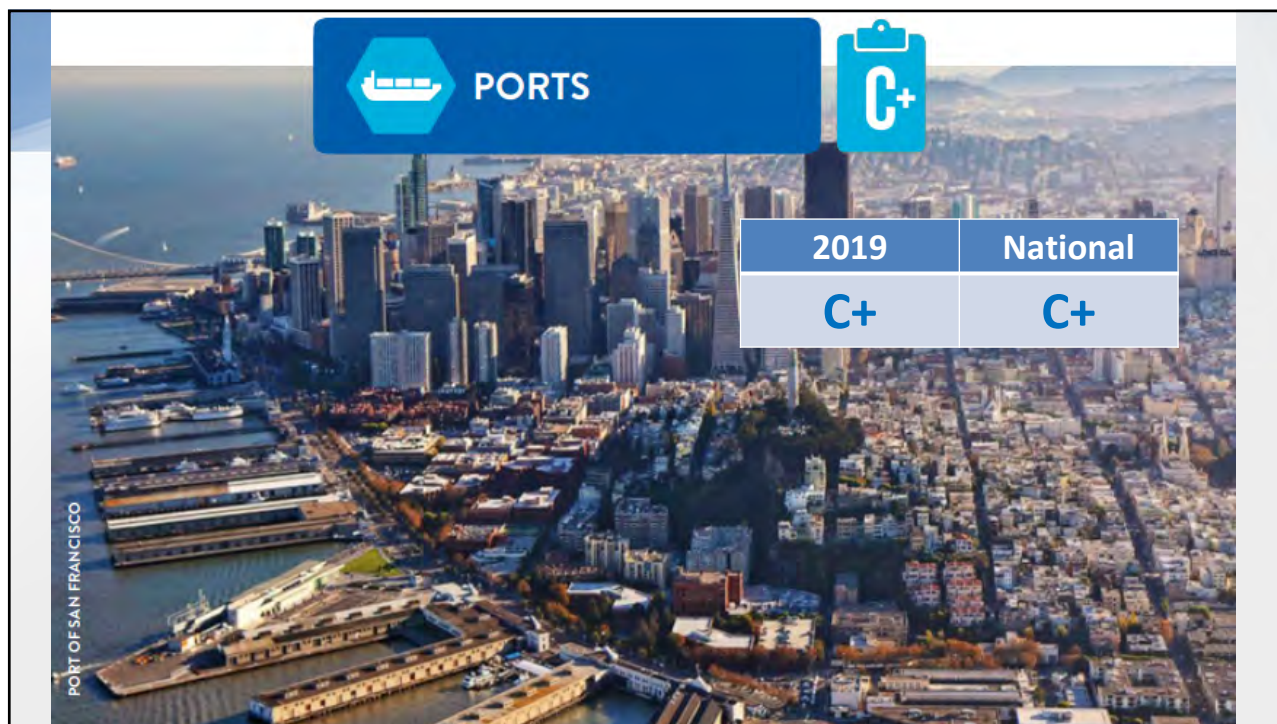
## LEVEES D



- Fiscal impacts of climate change, increased regulatory pressure, more rigorous maintenance, updated safety standards and higher cost estimates call for more investment.
  - A capital investment of \$45 billion is needed to rehabilitate and improve California’s levees. Unfortunately, the path to this funding is unclear.
  - Local agencies currently spend \$1.3 billion annually on all flood management activities.
  - Additional annual funding of at least \$100 million is necessary to repair flood damage.
- The most dangerous and oldest levees in the state exist in the Central Valley
- Most levees, particularly those on the Sacramento River, were constructed by pioneers to protect farms, not the 1.3 million people who live in this area today.
- In the past 6 years, unprecedented funding has been put towards California’s aging levee system to improve many miles of levee, but additional funds are necessary to meet the state’s needs.


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## PORTS C+



- For now, California ports are in satisfactory condition, but require significant improvements to maintain existing conditions and meet new demands.
- In 2017, California's ports handled 40% of all containerized cargo entering the U.S. and 30% of the nation's exports.
- Since 2012, maritime traffic volumes have increased by over 16%.
- The funding gap is an estimated \$10.7 billion over the next 10 years, and available revenue has been insufficient to fill the gap as needs continue to outpace available funds.
- Looking ahead, ports face challenges related to earthquakes, sea-level rise, increased demand for security and emergency management, tighter regulatory requirements including air quality regulations, modernization, and maintaining competitiveness.

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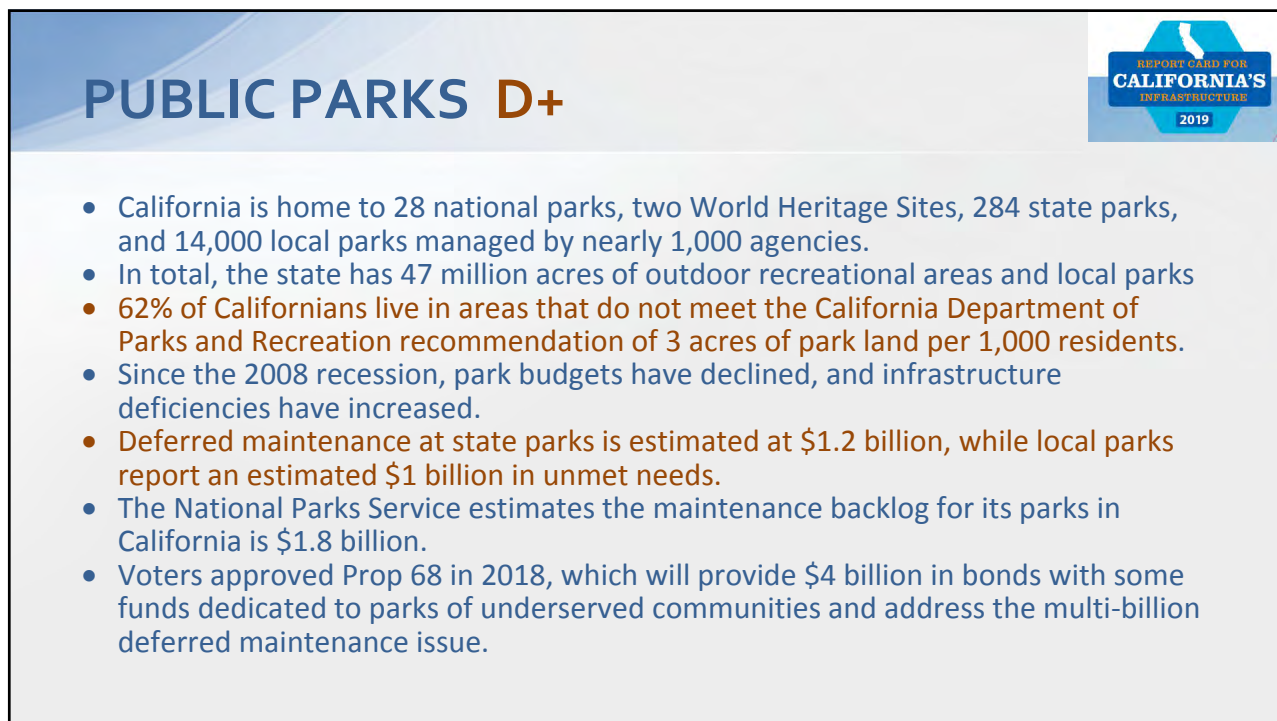


Yosemite National Park valley with Yosemite Falls at cloudy autumn morning. Low clouds lay in the valley, California, USA. Copyright: HaveSeen

**PUBLIC PARKS** **D+**

2019	National
<b>D+</b>	<b>D+</b>

31



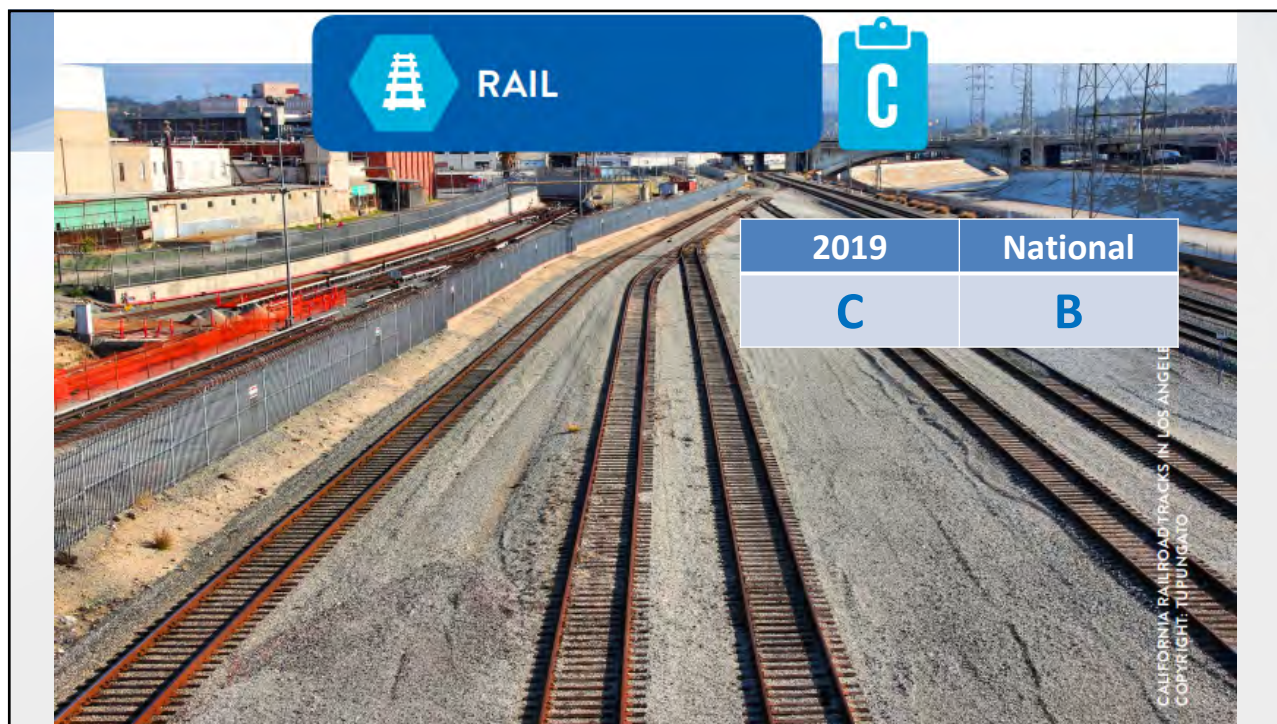
**PUBLIC PARKS D+**

REPORT CARD FOR CALIFORNIA'S INFRASTRUCTURE 2019

- California is home to 28 national parks, two World Heritage Sites, 284 state parks, and 14,000 local parks managed by nearly 1,000 agencies.
- In total, the state has 47 million acres of outdoor recreational areas and local parks
- 62% of Californians live in areas that do not meet the California Department of Parks and Recreation recommendation of 3 acres of park land per 1,000 residents.
- Since the 2008 recession, park budgets have declined, and infrastructure deficiencies have increased.
- Deferred maintenance at state parks is estimated at \$1.2 billion, while local parks report an estimated \$1 billion in unmet needs.
- The National Parks Service estimates the maintenance backlog for its parks in California is \$1.8 billion.
- Voters approved Prop 68 in 2018, which will provide \$4 billion in bonds with some funds dedicated to parks of underserved communities and address the multi-billion deferred maintenance issue.


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## RAIL C



- The state’s rail systems still face challenges including a lack of adequate funding for grade crossing safety programs, interconnectivity, and capital investment. 2018 CA State Rail Plan Addresses many of these issues.
- A major portion of California’s passenger rail system is on right-of-way operated by Class I freight railroads.
- Passenger rail systems and smaller freight carriers (Class II and III), rely on public funding for operations and maintenance.
- Class I freight railroads are able to fund maintenance and capital investment from their revenues, and generally operate on infrastructure that is in good condition.
- Additionally, commuter rail and state-supported intercity passenger rail do not have a dedicated revenue source for operations, maintenance, and capital investment programs.
- Dedicated and sufficient funding would help achieve and sustain a state of good repair of existing systems and allow these systems to expand capacity to meet future needs.
  - Population demands and shifting demographics will increase the demand for additional passenger and freight rail capacity.
  - Successful rail passenger services will need to be competitive with other modes of transportation (airports and freeways).

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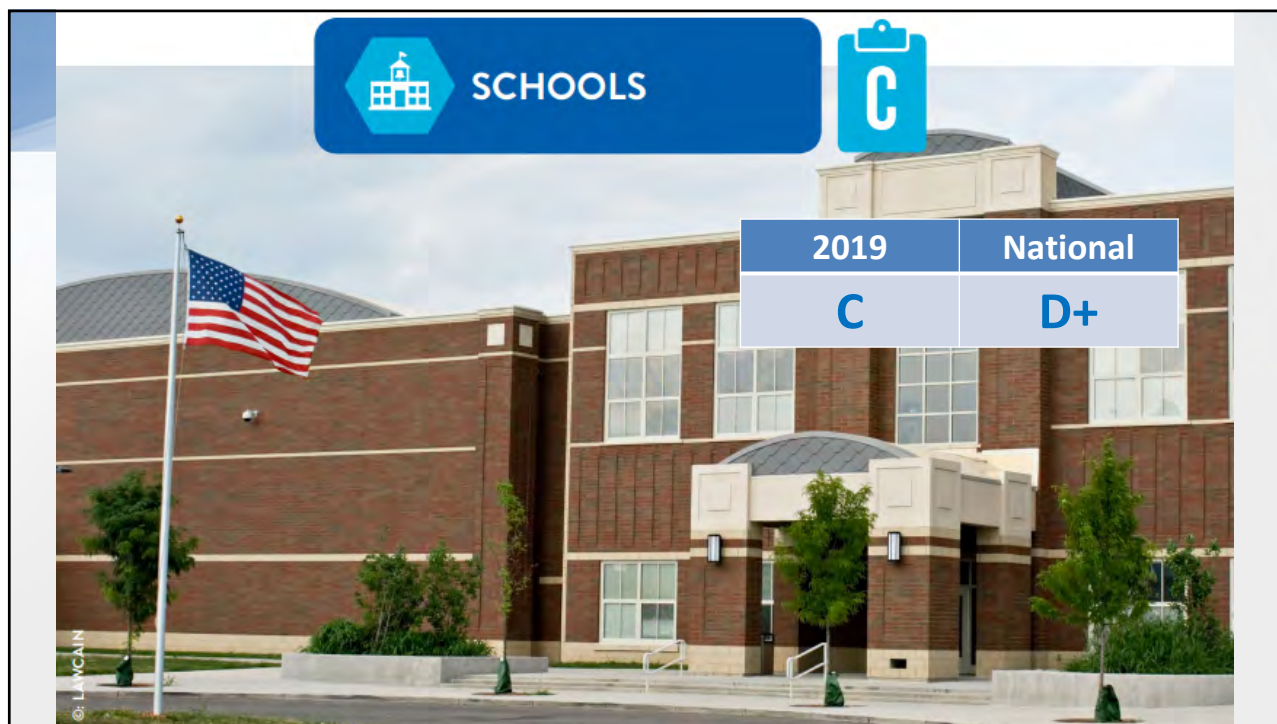


35

## ROADS D

- Only 19% of the 402,000 miles of California’s major roads are in good condition
- Driving on deficient roads costs Californians \$61 billion annually due to congestion-related delays, traffic collisions and increased vehicle operating costs caused by poor road conditions.
- Congestion costs California drivers up to \$1,774 each year in lost time and wasted fuel.
- The condition of California roads is among the worst in the nation, ranking 49th.
- Southern California and the Bay Area are the second and third most congested urban areas in the nation, respectively.
- 68% of California’s roads are in mediocre or poor condition and 13% are in fair condition.

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37

## SCHOOLS C

- Today, most of California’s schools are in fair to good condition thanks to upgrades to structures, roofing systems, fire alarms, ADA access, electrical, HVAC and technology.
- The outdoor environment, including parking lots, play areas and playfield areas, are only in fair condition.
- There are 1,026 school districts in California and over 10,000 public elementary and secondary schools serving more than 6,220,000 students statewide.
- In some municipalities, capacity is sufficient and overall population is declining, while in others, new facilities to accommodate growing enrollment rates are required.
- There is a lack in adequate funding for future routine and major maintenance issues.

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## SOLID WASTE C-



- With 1,390 existing solid waste facilities and operations, California has an adequate infrastructure for minimization, collection, processing, recycling, and disposing of solid waste.
- **The condition of California’s existing infrastructure has declined in recent years and is not enough to meet solid waste reduction and recycling goals.**
  - Many legislative and regulatory goals have been implemented without sufficient markets, planning, infrastructure development and funding, consideration of recent restrictions by other countries on imported recyclables.
- California is considering policies such as mandated restrictions on solid waste generation and handling to reduce both the generation and disposal of solid waste including greater manufacturer responsibility, waste reduction, improved recyclability, and increased waste fees.
- **It is important that California focus on waste conversion technologies and internal markets that can help meet its recycling goals/policies.**


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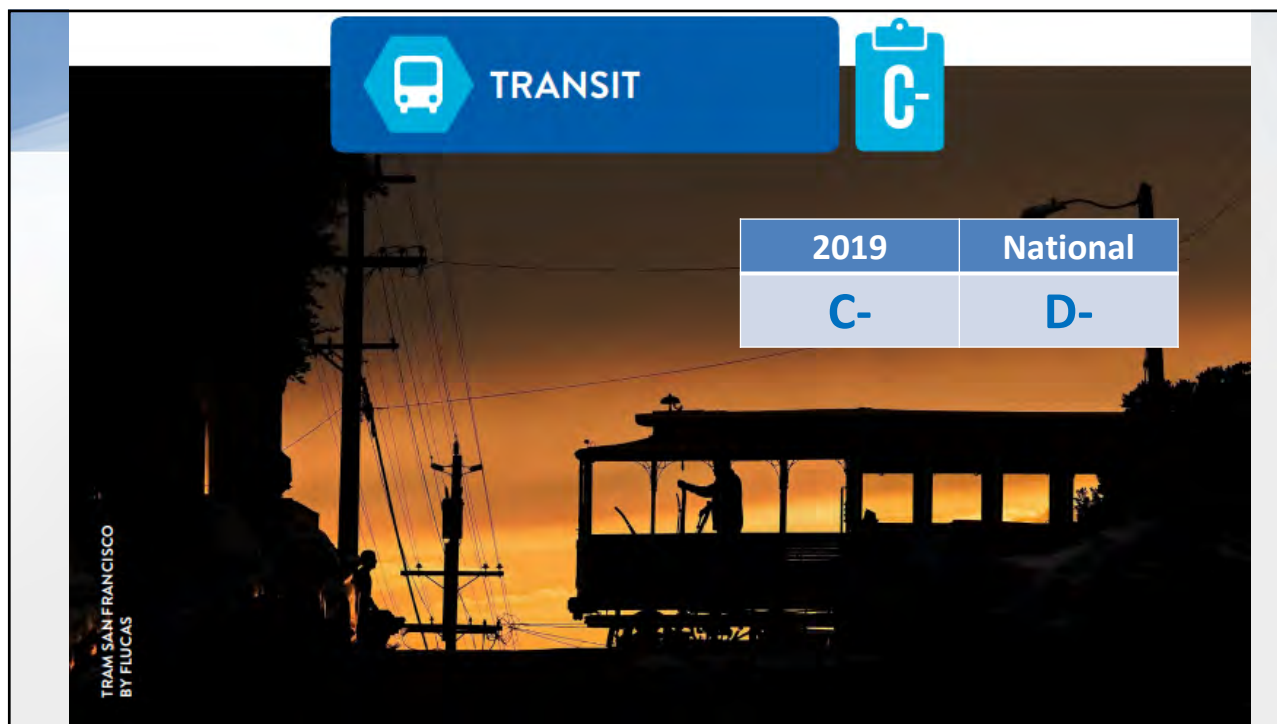
41

## STORMWATER D+



- Stormwater: storm drains, pipes, ditches, canals, channels, green infrastructure (vegetated areas that provide habitat, flood protection, clean air, clean water).
- Much of the drainage infrastructure in California was constructed before the 1940s and needs repair or replacement.
- New and innovative drainage systems are needed to meet water quality standards and promote a sustainable environment, however these systems are significantly underfunded.
  - For example, to achieve water quality objectives in LA county in the next 20 years, it will cost about \$20 billion. In San Diego County it will cost \$5 billion.

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## TRANSIT C-



- The California Transportation Plan 2040 acknowledges **highway and road investments alone will not solve congestion problems** exacerbated by the more than five million people added to California’s population every decade.
- Approximately 5.3% of Californians commute to work using public transit.
- The SB 1 transportation package passed in 2017 stands to provide some of the much-needed funding for transit. SB 1 is slated to provide \$750 million annually in new revenue, including \$25 million for local and regional planning as well as \$7 million in transportation research.

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## WASTEWATER C

- Most systems and treatment plants have adequate capacity and are prepared to meet the population needs for the next 10 to 20 years.
- California has started to prioritize and invest in wastewater infrastructure including adapting advanced technologies to treat and discharge wastewater.
- California wastewater systems serve 40 million people in over 13 million homes and treat 4 billion gallons of sewage per day while protecting surface waters, the coastline and public health
- There are about 900 publicly-owned collection and treatment systems, while about 10% of the population is served by onsite water systems such as septic tanks.
- California's system of pipes and manholes is 40 years.
- California must maintain the condition of the infrastructure, meet discharge requirements, and continue elimination of sanitary sewer overflows.

46





## Recommendations to Raise the Grades

47




## Recommendations to Raise the Grades



1. PROMOTE EFFECTIVE AND COLLABORATIVE LEADERSHIP
2. DEVELOP SMART PLANS TO BETTER IDENTIFY FUNDING NEEDS
3. INCREASE STATE AND LOCAL FUNDING
4. INFORM THE PUBLIC AND RAISE AWARENESS

48



**REPORT CARD FOR CALIFORNIA'S INFRASTRUCTURE 2019**

**DRINKING WATER C**

**RECOMMENDATIONS TO RAISE THE GRADE**

- Address aging infrastructure needs.
- Continue to make conservation a California way of life.
- Increase regional self-reliance and integrated water
- Achieve the co-equal goals for the Delta.
- Manage and prepare for dry periods.
- Expand water storage capacity

49



ASCE National Website

MAKING THE GRADE AMERICA'S GRADES STATE BY STATE INFRASTRUCTURE SOLUTIONS THE IMPACT GET INVOLVED NEWS

**C-**

**California 2019 Report**

OVERVIEW GRADES KEY FACTS SOLUTIONS GAME CHANGERS NEWS GET ENGAGED BACK TO STATES

**2019 Report Card for California's Infrastructure**

Californians use infrastructure every day. Our roads, bridges, and transit networks allow us access to our iconic coastlines, lakes, and vineyards. Water systems deliver clean drinking water to our homes, communities, and businesses. School buildings provide a safe place for our children to learn. Wastewater treatment plants protect our lakes, rivers, and beaches from raw sewage, E. coli and other

<https://www.infrastructurereportcard.org/california/>

**REPORT CARD FOR CALIFORNIA'S INFRASTRUCTURE**  
 Region 9 of the American Society of Civil Engineers  
 REPORT CARD FOR CALIFORNIA'S INFRASTRUCTURE

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51



52

# 2019 California's Infrastructure Report Card

*Questions*



**COMMISSION MEMORANDUM NO. 2019.68**

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** Deputy General Manager – Authorization to Fill Position  
**PREPARED BY:** Rich Haller, General Manager

**RECOMMENDATION**

It is recommended that the Commission authorize the General Manager to combine the position of Deputy General Manager with the Chief Financial Officer position and fill the position effective July 1, 2019.

**DISCUSSION**

The SAWPA Personnel Handbook states that the SAWPA Commission shall expressly authorize and participate in the recruitment and selection of the Deputy General Manager (Deputy GM). It is proposed to combine the positions of Chief Financial Officer (CFO) and Deputy GM and promote the current CFO, Karen Williams, to fill the position. The salary range for the position in FY 2020 is \$195,057 to \$237,053

The Deputy GM will assist the General Manager in day-to-day SAWPA operations. During FY2020, special focus will be on policy and procedures updates including the employee handbook and procurement policy, and the legal services request for qualifications.

Karen Williams was hired in 2001 as Controller to help in the administration of Proposition 13 projects. She was promoted to the Chief Financial Officer in 2006. She has over 34 years in accounting experience with 20 of those in government accounting and management. She has a B.S. in Accounting and an MBA. She has passed the CPA exam and has earned the CPFIM (Certified Public Funds Investment Manager), CGFM (Certified Government Finance Manager), and CCMT (Certified California Municipal Treasurer) designations.

**RESOURCE IMPACTS**

The combined position of CFO/Deputy GM is included in the FY 2020 and FY2021 budgets.

Attachments:

None.

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## COMMISSION MEMORANDUM NO. 2019.69

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** SUPPORT Position for SB775 (Rubio)  
**PREPARED BY:** Larry McKenney

### RECOMMENDATION

That the Commission adopt a SUPPORT position on SB775 (Rubio).

### DISCUSSION

SAWPA has been requested by California Association of Mutual Water Companies to express support for SB775, which would reconcile the California tax code with the Federal 501(c)(12) not for profit tax designation for Mutual Water Companies. Conforming corporation taxes for mutual water companies with federal income tax laws would resolve a technical tax issue that is impeding efforts to conserve water and distribute grants statewide to mutual water companies, as Proposition 1 allows.

As California moves to embrace “Conservation as a California Way of Life,” all water providers should have access to all the ‘tools in the toolbox.’ SB775 represents a sensible change to the Revenue and Tax Code which will aid the state with expediting grants to help small mutual water systems with infrastructure improvements, potential consolidation efforts, and it will further remove a current disincentive for small mutual water companies to invest in water-efficiency measures.

Under existing law, California’s mutual water companies are able to obtain tax-exemption status at the federal level under Section 501 (c)(12) of the Internal Revenue Code, however no similar statutory authority exists at the state level. This disconnect in state and federal law is making it challenging for these small water providers to apply for and receive state grants which allow for the needed conservation investments to be made. Some mutual water companies that have received Proposition 1 grants have been taxed as much as \$200,000 after receiving grants from the State for treatment systems. Others have been taxed for metered water sales because it is considered “variable income.”

Eastern Municipal Water District has taken a support position previously.

SAWPA is an affiliate member of California Association of Mutual Water Companies, through which we obtain some of our insurance coverage.

### RESOURCE IMPACTS

None.

Attachment:

1. SB775 text

AMENDED IN SENATE MAY 7, 2019

**SENATE BILL**

**No. 775**

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**Introduced by Senator Rubio**

February 22, 2019

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An act to amend ~~Section 24473 of, and to add Section Sections 23701m to, and 24316 to~~ the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 775, as amended, Rubio. Corporation taxes: exempt organizations: mutual ditch or irrigation ~~companies. companies: public water system: mutual water companies.~~

The Corporation Tax Law, in modified conformity with federal income tax laws, exempts various types of organizations from taxes imposed by that ~~law. law, including an exemption for transfers of assets by specified mutual water companies that are tax exempt under federal income tax laws, but are a taxable entity under state law when certain conditions are met.~~

This bill, ~~in further conformity with federal income tax laws,~~ for taxable years beginning on or after January 1, 2019, would exempt from the taxes imposed by the Corporation Tax Law a mutual ditch or irrigation ~~company, company that operates a public water system,~~ as provided. ~~This bill would make additional conforming changes. The bill would provide that gross income does not include specified funding provided by the State Water Resources Control Board to a mutual ditch or irrigation company that operates a public water system or to specified mutual water companies.~~

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 23701m is added to the Revenue and  
2 Taxation Code, to read:  
3 23701m. (a) For taxable years beginning on or after January  
4 1, 2019, mutual ditch or irrigation ~~companies subject to the~~  
5 ~~limitations and companies~~, as described in Section 501(c)(12) of  
6 the Internal Revenue ~~Code~~. *Code, that operate a public water*  
7 *system, as defined in Section 116275 of the Health and Safety*  
8 *Code.*  
9 (b) *This section shall not apply to a mutual ditch or irrigation*  
10 *company that does any of the following:*  
11 (1) *Fails to comply with Sections 14301.1, 14301.2, 14301.3,*  
12 *14305, 14306, or 14307 of the Corporations Code or Section*  
13 *116755 of the Health and Safety Code.*  
14 (2) *Does not provide information to a local agency formation*  
15 *commission upon request, as authorized by subdivision (d) of*  
16 *Section 56430 of the Government Code.*  
17 (c) *Notwithstanding subdivision (b), gross income does not*  
18 *include funding provided by the State Water Resources Control*  
19 *Board to a mutual ditch or irrigation company operating a public*  
20 *water system pursuant to subdivision (a) of Section 79712 or*  
21 *Section 79724 of the Water Code, subdivisions (e) or (f) of Section*  
22 *116682, Section 116686, or Section 116687 of the Health and*  
23 *Safety Code, nor shall that funding impact the mutual ditch or*  
24 *irrigation company’s tax-exempt status, as described in Section*  
25 *501(c)(12) of the Internal Revenue Code.*  
26 SEC. 2. Section 24316 is added to the Revenue and Taxation  
27 Code, to read:  
28 24316. *Gross income does not include funding provided by the*  
29 *State Water Resources Control Board to a mutual water company,*  
30 *formed under Section 14300 of the Corporations Code, pursuant*  
31 *to subdivision (a) of Section 79712 or Section 79724 of the Water*  
32 *Code, subdivisions (e) or (f) of Section 116682, Section 116686,*  
33 *or Section 116687 of the Health and Safety Code, nor shall that*  
34 *funding impact the mutual water company’s tax-exempt status, as*  
35 *described in Section 501(c)(12) of the Internal Revenue Code.*

1     ~~SEC. 2. Section 24473 of the Revenue and Taxation Code is~~  
2     ~~amended to read:~~

3     ~~24473. Notwithstanding any other provision of law, for taxable~~  
4     ~~years beginning before January 1, 2019, the contribution or other~~  
5     ~~transfer of the assets of a mutual water company established prior~~  
6     ~~to September 26, 1977, that is tax exempt under Section 501(c)(12)~~  
7     ~~of the Internal Revenue Code, but is a taxable entity under~~  
8     ~~California Law, including its lands, easements, rights, and~~  
9     ~~obligations to act as sole agent of the stockholders in exercising~~  
10    ~~the riparian rights of the stockholders, and rights relating to the~~  
11    ~~ownership, operation, and maintenance of a water system and~~  
12    ~~facilities serving the customers of the company, to a community~~  
13    ~~services district formed pursuant to Part 1 (commencing with~~  
14    ~~Section 61000) of Division 3 of Title 6 of the Government Code,~~  
15    ~~is not a transfer subject to taxes imposed by this part if all of the~~  
16    ~~following requirements are met:~~

17    ~~(a) The consideration for the transfer of all or substantially all~~  
18    ~~of the assets is the assumption by the district of the company's~~  
19    ~~liability to provide service to the company's stockholders.~~

20    ~~(b) The legal or beneficial title to all or substantially all of the~~  
21    ~~company's assets is vested in the district on or before January 1,~~  
22    ~~2008.~~

23    ~~(c) For the one-year period immediately prior to commencement~~  
24    ~~of the transfer and continuing until the transfer is completed, 85~~  
25    ~~percent or more of the company's income consists of amounts~~  
26    ~~collected from stockholders for the sole purpose of meeting losses~~  
27    ~~and expenses.~~

28    ~~SEC. 3. This act provides for a tax levy within the meaning~~  
29    ~~of Article IV of the California Constitution and shall go into~~  
30    ~~immediate effect.~~

O



Santa Ana Watershed Project Authority  
Cash Transaction Report  
Month of April 2019

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	\$ 577,040.38
Net Investment Transfers	20,633.24
Cash Disbursements	<u>(602,192.50)</u>
Net Change for Month	\$ (4,518.88)
Balance at Beginning of Month	<u>2,810,450.05</u>
Balance at End of Month per General Ledger	<u>\$ 2,805,931.17</u>
Collected Balance per Bank Statement	\$ 2,816,461.72

**ACCOUNTS PAYABLE RECONCILIATION**

Accounts Payable Balance @ 03/31/19	\$ 1,962,287.10
Invoices Received for April 2019	298,402.01
Invoices Paid by check/wire during April 2019 (see attached register)	<u>(355,755.96)</u>
Accounts Payable Balance @ 04/30/19	<u>\$ 1,904,933.15</u>

**CASH RECEIPTS**

Brine Line Operating Revenues	\$ 558,780.74
LESJWA Admin Reimbursement	12,958.94
Other	<u>5,300.70</u>
Total Receipts and Deposits	\$ 577,040.38

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**INVESTMENT TRANSFERS**

Transfer of Funds:	
From (to) LAIF	\$ -
From (to) Legal Defense Fund	-
From (to) LESJWA	-
From (to) Investments	<u>20,633.24</u>
Total Investment Transfers	\$ 20,633.24

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**CASH DISBURSEMENTS**

By Check:	
Payroll	
Operations	<u>355,755.96</u>
Total Checks Drawn	\$ 355,755.96
By Cash Transfer:	
Payroll	\$ 162,678.92
Payroll Taxes	82,831.69
Take Care (AFLAC)	<u>925.93</u>
Total Cash Transfers	\$ 246,436.54
Total Cash Disbursements	<u>\$ 602,192.50</u>

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Apr-19**

Category	Check #	Check Date	Type	Vendor	Check Amount
Asset Clearing	3653	4/12/2019	CHK	Dell EMC	\$19,398.36
<b>Asset Clearing Total</b>					<b>\$19,398.36</b>
Audit Fees	3666	4/26/2019	CHK	Teaman, Ramirez & Smith, Inc	\$3,750.00
<b>Audit Fees Total</b>					<b>\$3,750.00</b>
Auto Expenses	3640	4/4/2019	CHK	County of Riverside	\$1,130.37
Auto Expenses	3661	4/18/2019	CHK	County of Riverside/Transportation	\$430.36
Auto Expenses	3667	4/26/2019	CHK	County of Riverside	\$1,230.92
<b>Auto Expenses Total</b>					<b>\$2,791.65</b>
Benefits	3650	4/12/2019	CHK	Cal PERS Long Term Care Program	\$102.04
Benefits	3656	4/18/2019	CHK	AFLAC	\$716.04
Benefits	3664	4/26/2019	CHK	Cal PERS Long Term Care Program	\$102.04
Benefits	3669	4/26/2019	CHK	WageWorks	\$134.00
Benefits	3671	4/26/2019	CHK	Mutual Of Omaha	\$2,887.75
Benefits	EFT02566	4/12/2019	CHK	Vantagepoint Transfer Agents	\$2,753.41
Benefits	EFT02573	4/12/2019	CHK	Vantagepoint Transfer Agents	\$374.88
Benefits	EFT02597	4/26/2019	CHK	Vantagepoint Transfer Agents	\$2,753.41
Benefits	EFT02603	4/26/2019	CHK	Vantagepoint Transfer Agents	\$374.88
Benefits	P036036	4/12/2019	WDL	Public Employees' Retirement	\$20,392.64
Benefits	P036037	4/12/2019	WDL	CalPERS Supplemental Income	\$5,715.50
Benefits	P036130	4/26/2019	WDL	Public Employees' Retirement	\$20,392.64
Benefits	P036131	4/26/2019	WDL	CalPERS Supplemental Income	\$5,715.50
Benefits	WDL000004790	4/2/2019	WDL	Takecare	\$7.80
Benefits	WDL000004794	4/8/2019	WDL	Takecare	\$136.80
Benefits	WDL000004795	4/11/2019	WDL	Takecare	\$51.99
Benefits	WDL000004796	4/12/2019	WDL	Takecare	\$26.00
Benefits	WDL000004798	4/15/2019	WDL	Takecare	\$218.00
Benefits	WDL000004808	4/25/2019	WDL	Takecare	\$230.45
Benefits	WDL000004809	4/26/2019	WDL	Takecare	\$254.89
<b>Benefits Total</b>					<b>\$63,340.66</b>
Building Lease	3673	4/26/2019	CHK	Wilson Property Services, Inc	\$1,458.00
<b>Building Lease Total</b>					<b>\$1,458.00</b>
Consulting	3652	4/12/2019	CHK	The Technology Depot	\$101.25
Consulting	3659	4/18/2019	CHK	The Technology Depot	\$135.00
Consulting	EFT02562	4/4/2019	CHK	Accent Computer Solutions Inc	\$4,125.00
Consulting	EFT02563	4/4/2019	CHK	Trussell Technologies, Inc.	\$5,400.51
Consulting	EFT02565	4/4/2019	CHK	GeoScience Support Services	\$5,657.50
Consulting	EFT02579	4/12/2019	CHK	Sol Media	\$1,960.00
Consulting	EFT02591	4/18/2019	CHK	CDM Smith, Inc.	\$29,666.90
Consulting	EFT02592	4/18/2019	CHK	Hammons Strategies	\$7,370.00
Consulting	EFT02593	4/18/2019	CHK	Blais & Associates	\$358.06
Consulting	EFT02598	4/26/2019	CHK	Risk Sciences	\$9,120.57
Consulting	EFT02600	4/26/2019	CHK	West Coast Advisors	\$9,750.00
Consulting	EFT02605	4/26/2019	CHK	Accent Computer Solutions Inc	\$7,464.98
Consulting	EFT02607	4/26/2019	CHK	Woodard & Curran Inc.	\$10,482.34
Consulting	EFT02609	4/26/2019	CHK	DeGrave Communications	\$27,534.67
<b>Consulting Total</b>					<b>\$119,126.78</b>
Credit Cards	P036161	4/9/2019	WDL	US Bank	\$3,344.41
<b>Credit Cards Total</b>					<b>\$3,344.41</b>
Director Costs	EFT02595	4/26/2019	CHK	Denis R Bilodeau	\$53.36
Director Costs	EFT02596	4/26/2019	CHK	Eastern Municipal Water District	\$777.90
Director Costs	EFT02599	4/26/2019	CHK	Western Municipal Water District	\$570.80
Director Costs	EFT02608	4/26/2019	CHK	Jasmin Hall	\$54.40
Director Costs	EFT02610	4/26/2019	CHK	Kati Parker	\$62.64
Director Costs	EFT02612	4/26/2019	CHK	June Hayes	\$88.04
Director Costs	EFT02613	4/26/2019	CHK	T. Milford Harrison	\$78.30
<b>Director Costs Total</b>					<b>\$1,685.44</b>
Dues	3644	4/4/2019	CHK	Costco Membership	\$240.00
Dues	3670	4/26/2019	CHK	U. S. Green Building Council	\$550.00
<b>Dues Total</b>					<b>\$790.00</b>
Employee Reimbursement	EFT02561	4/4/2019	CHK	Karen Williams	\$222.96

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Apr-19**

Category	Check #	Check Date	Type	Vendor	Check Amount
Employee Reimbursement	EFT02568	4/12/2019	CHK	Regina Patterson	\$43.38
Employee Reimbursement	EFT02571	4/12/2019	CHK	Marie Jauregui	\$71.64
Employee Reimbursement	EFT02572	4/12/2019	CHK	Sara Villa	\$102.54
Employee Reimbursement	EFT02576	4/12/2019	CHK	Alison L Lewis	\$44.38
Employee Reimbursement	EFT02578	4/12/2019	CHK	Sonya San Juan	\$36.54
Employee Reimbursement	EFT02581	4/18/2019	CHK	Jerry Oldenburg II	\$69.65
Employee Reimbursement	EFT02589	4/18/2019	CHK	Karen Williams	\$38.00
Employee Reimbursement	EFT02594	4/26/2019	CHK	Richard Whetsel	\$36.77
Employee Reimbursement	EFT02604	4/26/2019	CHK	Karen Williams	\$6.29
Employee Reimbursement	EFT02606	4/26/2019	CHK	Zyanya Ramirez	\$68.44
<b>Employee Reimbursement Total</b>					<b>\$740.59</b>
Engineering Costs	3641	4/4/2019	CHK	Stantec	\$9,639.00
<b>Engineering Costs Total</b>					<b>\$9,639.00</b>
Equipment Rented	3672	4/26/2019	CHK	GreatAmerica Financial Services	\$1,452.56
Equipment Rented	EFT02567	4/12/2019	CHK	Konica Minolta Business Solutions	\$764.77
<b>Equipment Rented Total</b>					<b>\$2,217.33</b>
Facility Repair & Maintenance	3639	4/4/2019	CHK	Innerline Engineering	\$4,578.75
Facility Repair & Maintenance	3642	4/4/2019	CHK	TNT Elevator Inc	\$240.00
Facility Repair & Maintenance	3645	4/4/2019	CHK	Heating & Air Conditioning Service	\$112.50
Facility Repair & Maintenance	3658	4/18/2019	CHK	Xylem Dewatering Solutions Inc	\$371.74
Facility Repair & Maintenance	3660	4/18/2019	CHK	RivCo Mechanical Services	\$1,867.00
Facility Repair & Maintenance	3665	4/26/2019	CHK	Xylem Dewatering Solutions Inc	\$470.87
Facility Repair & Maintenance	3674	4/26/2019	CHK	CR&R Incorporated	\$629.83
Facility Repair & Maintenance	EFT02574	4/12/2019	CHK	A Cone Zone Inc	\$317.02
Facility Repair & Maintenance	EFT02584	4/18/2019	CHK	Western Exterminator Co.	\$116.50
Facility Repair & Maintenance	EFT02585	4/18/2019	CHK	Haz Mat Trans, Inc.	\$4,720.00
Facility Repair & Maintenance	EFT02587	4/18/2019	CHK	Green Meadows Landscape	\$625.00
Facility Repair & Maintenance	EFT02590	4/18/2019	CHK	Douglas Environmental Group	\$1,100.00
Facility Repair & Maintenance	EFT02611	4/26/2019	CHK	Riverside Cleaning	\$1,300.00
<b>Facility Repair &amp; Maintenance Total</b>					<b>\$16,449.21</b>
Insurance Expense	3675	4/26/2019	CHK	Zenith Insurance Company	\$6,016.00
<b>Insurance Expense Total</b>					<b>\$6,016.00</b>
Lab Costs	EFT02560	4/4/2019	CHK	E. S. Babcock & Sons, Inc.	\$877.00
Lab Costs	EFT02586	4/18/2019	CHK	E. S. Babcock & Sons, Inc.	\$2,012.00
Lab Costs	EFT02601	4/26/2019	CHK	E. S. Babcock & Sons, Inc.	\$4,002.00
Lab Costs	EFT02602	4/26/2019	CHK	Camet Research	\$1,125.00
<b>Lab Costs Total</b>					<b>\$8,016.00</b>
Legal Costs	EFT02575	4/12/2019	CHK	Hunt Ortmann Palffy Nieves Dahl	\$202.50
<b>Legal Costs Total</b>					<b>\$202.50</b>
Office Expense	3655	4/18/2019	CHK	Aramark Corporation Refreshments	\$224.67
Office Expense	3657	4/18/2019	CHK	Awards & Specialties	\$134.84
Office Expense	EFT02582	4/18/2019	CHK	Konica Minolta Business Solutions	\$673.40
Office Expense	EFT02588	4/18/2019	CHK	Iron Mountain	\$162.60
<b>Office Expense Total</b>					<b>\$1,195.51</b>
Other Contract Services	EFT02564	4/4/2019	CHK	Green Media Creations	\$1,620.00
Other Contract Services	EFT02569	4/12/2019	CHK	Water Education Foundation	\$8,882.16
Other Contract Services	EFT02577	4/12/2019	CHK	Local Government Commission	\$4,181.82
Other Contract Services	EFT02583	4/18/2019	CHK	Western Municipal Water District	\$5,177.75
<b>Other Contract Services Total</b>					<b>\$19,861.73</b>
Payroll	WDL000004791	4/12/2019	WDL	Direct Deposit 4/12/2019	\$77,764.53
Payroll	WDL000004792	4/12/2019	WDL	PR Tax - Federal	\$33,052.17
Payroll	WDL000004793	4/12/2019	WDL	PR Tax - State	\$7,122.45
Payroll	WDL000004797	4/19/2019	WDL	Direct Deposit 4/19/2019	\$2,144.44
Payroll	WDL000004799	4/19/2019	WDL	PR Tax - Federal	\$359.12
Payroll	WDL000004800	4/19/2019	WDL	PR Tax - State	\$23.24
Payroll	WDL000004805	4/26/2019	WDL	Direct Deposit 4/26/2019	\$82,769.95
Payroll	WDL000004806	4/26/2019	WDL	PR Tax - Federal	\$34,785.43
Payroll	WDL000004807	4/26/2019	WDL	PR Tax - State	\$7,489.28
<b>Payroll Total</b>					<b>\$245,510.61</b>
Permit Fees	3643	4/4/2019	CHK	City of Eastvale	\$641.00

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Apr-19**

Category	Check #	Check Date	Type	Vendor	Check Amount
Permit Fees	* 03654	4/12/2019	VOID	Union Pacific Railroad Company	\$0.00
<b>Permit Fees Total</b>					<b>\$641.00</b>
Project Management Services	EFT02580	4/18/2019	CHK	Orange County Sanitation District	\$67,222.40
<b>Project Management Services Total</b>					<b>\$67,222.40</b>
Safety	3668	4/26/2019	CHK	SafeT	\$350.55
Safety	EFT02570	4/12/2019	CHK	Underground Service Alert	\$334.84
<b>Safety Total</b>					<b>\$685.39</b>
Shipping/Postage	3662	4/26/2019	CHK	Federal Express	\$58.66
<b>Shipping/Postage Total</b>					<b>\$58.66</b>
Software - Licensing	3677	4/26/2019	CHK	Carahsoft Technology Corporation	\$3,520.00
<b>Software - Licensing Total</b>					<b>\$3,520.00</b>
Utilities	3636	4/4/2019	CHK	Riverside, City of	\$79.03
Utilities	3637	4/4/2019	CHK	Southern California Edison	\$16.90
Utilities	3638	4/4/2019	CHK	Burrtec Waste Industries Inc	\$81.44
Utilities	3646	4/4/2019	CHK	Verizon Wireless	\$281.80
Utilities	3647	4/12/2019	CHK	Riverside, City of	\$1,796.84
Utilities	3648	4/12/2019	CHK	AT&T	\$785.98
Utilities	3649	4/12/2019	CHK	AT&T	\$1,018.26
Utilities	3651	4/12/2019	CHK	Southern California Edison	\$110.18
Utilities	3663	4/26/2019	CHK	AT&T	\$293.85
Utilities	3676	4/26/2019	CHK	DIRECTV	\$66.99
<b>Utilities Total</b>					<b>\$4,531.27</b>
<b>Grand Total</b>					<b>\$602,192.50</b>

Accounts Payable

Checks	\$300,195.27
Wire Transfers	\$55,560.69
	<u>\$355,755.96</u>

Bank Fees

Take Care	\$925.93
Other	
Payroll	\$245,510.61
	<u>\$602,192.50</u>

Total Disbursements for April 2019

Santa Ana Watershed Project Authority  
 Consulting  
 April 2019

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments
EFT02562	4/4/2019	ACS100-11	IT Support	Accent Computer Solutions	\$ 186,800.00	\$ 4,125.00	\$ 123,087.39	
EFT02605	4/26/2019	ACS100-11	IT Support	Accent Computer Solutions	\$ 186,800.00	\$ 7,464.98	\$ 123,087.39	
EFT02593	4/18/2019	BLAIS370-02	Grant Needs Assessment and Grant Monitoring	Blais & Associates	\$ 24,700.00	\$ 358.06	\$ 16,031.53	
EFT02591	4/18/2019	CDM386-13	SAR Bacteria Monitoring Program	CDM Smith, Inc.	\$ 353,748.00	\$ 29,666.90	\$ 132,902.10	
EFT02609	4/26/2019	DEGR398-01	Social Media Support	DeGrave Communicaitons	\$ 78,434.00	\$ 24,424.34	\$ 4,274.78	
EFT02609	4/26/2019	DEGR392-04	Social Media Support	DeGrave Communicaitons	\$ 30,000.00	\$ 3,110.33	\$ 8,621.32	
EFT02565	4/4/2019	GEOS374-01	SAR WLA Model Update	GeoScience Support Services	\$ 314,956.00	\$ 5,657.50	\$ 2,727.25	
EFT02592	4/18/2019	HAMM100-240-01	Technical Writing - SAWPA and IEBL	Hammons Strategieis	\$ 10,000.00	\$ 7,370.00	\$ 100.00	
EFT02598	4/26/2019	RISK374-07	Basin Monitoring Task Force	Risk Sciences	\$ 73,150.00	\$ 9,120.57	\$ 309.86	
EFT02579	4/12/2019	SOL100-01	Website Hosting and Support	Sol Media	\$ 8,640.00	\$ 1,960.00	\$ 890.00	
3652	4/12/2019	TTD100-04	Phone System Support	The Technology Depot	\$ 5,000.00	\$ 101.25	\$ 2,790.19	
3659	4/18/2019	TTD100-04	Phone System Support	The Technology Depot	\$ 5,000.00	\$ 135.00	\$ 2,790.19	
EFT02563	4/4/2019	TRU240-21	BL Water Quality Monitoring Assessment	Trussell Technologies Inc	\$ 41,590.00	\$ 4,186.50	\$ -	
EFT02563	4/4/2019	TRU240-22	Monthly County Line Solids Analysis	Trussell Technologies Inc	\$ 9,664.00	\$ 129.01	\$ 3,051.61	
EFT02563	4/4/2019	TRU240-23	2019 BL Annual Review	Trussell Technologies Inc	\$ 49,899.00	\$ 1,085.00	\$ 39,437.45	
EFT02600	4/26/2019	WCA100-03-02	State Legislative Consulting Services FY19-20	West Coast Advisors	\$ 235,000.00	\$ 9,750.00	\$ 196,000.00	
EFT02607	4/26/2019	RMC504-401-04	SARCCUP Program Mgmt Services	Woodard & Curran Inc.	\$ 224,485.00	\$ 10,482.34	\$ 137,256.39	
					<b>\$ 119,126.78</b>			

**COMMISSION MEMORANDUM NO. 2019.60**

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** Inter-Fund Borrowing – April 2019  
**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 2019. 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	03/31/19 Balance	Loan Receipts	New Charges	04/30/19 Balance
130	Proposition 84 Admin	\$65,303.41	(\$0.00)	\$9,571.50	\$74,874.91
135	Proposition 84 Admin R2	76,356.56	(0.00)	6,699.64	83,056.20
140	Proposition 84 Admin R3	43,681.19	(0.00)	6,791.74	50,472.93
145	Proposition 84 Admin R4	105,862.17	(0.00)	9,694.91	115,557.08
398	Proposition 1 – DACI Grant	144,791.58	(0.00)	62,082.86	206,874.44
477	LESJWA Administration	11,597.00	(12,958.94)	20,758.73	19,396.79
504	Prop 84 - Drought Projects	182,710.63	(0.00)	13,077.95	195,788.58
	<b>Total Funds Borrowed</b>	<b>\$630,302.54</b>	<b>(\$12,958.94)</b>	<b>\$128,677.33</b>	<b>\$746,020.93</b>
	General Fund Reserves Balance		\$3,087,308.78		
	Less Amount Borrowed		<u>746,020.93</u>		
	Balance of General Fund Reserves		<u>\$2,341,287.85</u>		

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**

<b>Fund No.</b>	<b>Source of Funding</b>	<b>Billing Frequency</b>	<b>Projected Payment Time</b>
130,135,140, 145 – Proposition 84 Admin	DWR – Prop 84 Grant	Monthly/Quarterly	Up to 4 months
398 – Proposition 1 – DACI Grant	DWR – Prop 1 Grant	Monthly	Up to 4 months
477 – LESJWA Admin	Reimbursement from LESJWA	Monthly	2 to 4 weeks
504 - Proposition 84 Drought Projects	DWR – Prop 84 Grant	Monthly	Up to 4 months
504 – Proposition 84 SARCCUP Projects	DWR – Prop 84 Grant	Monthly/Quarterly	Up to 4 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 2018.

**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**

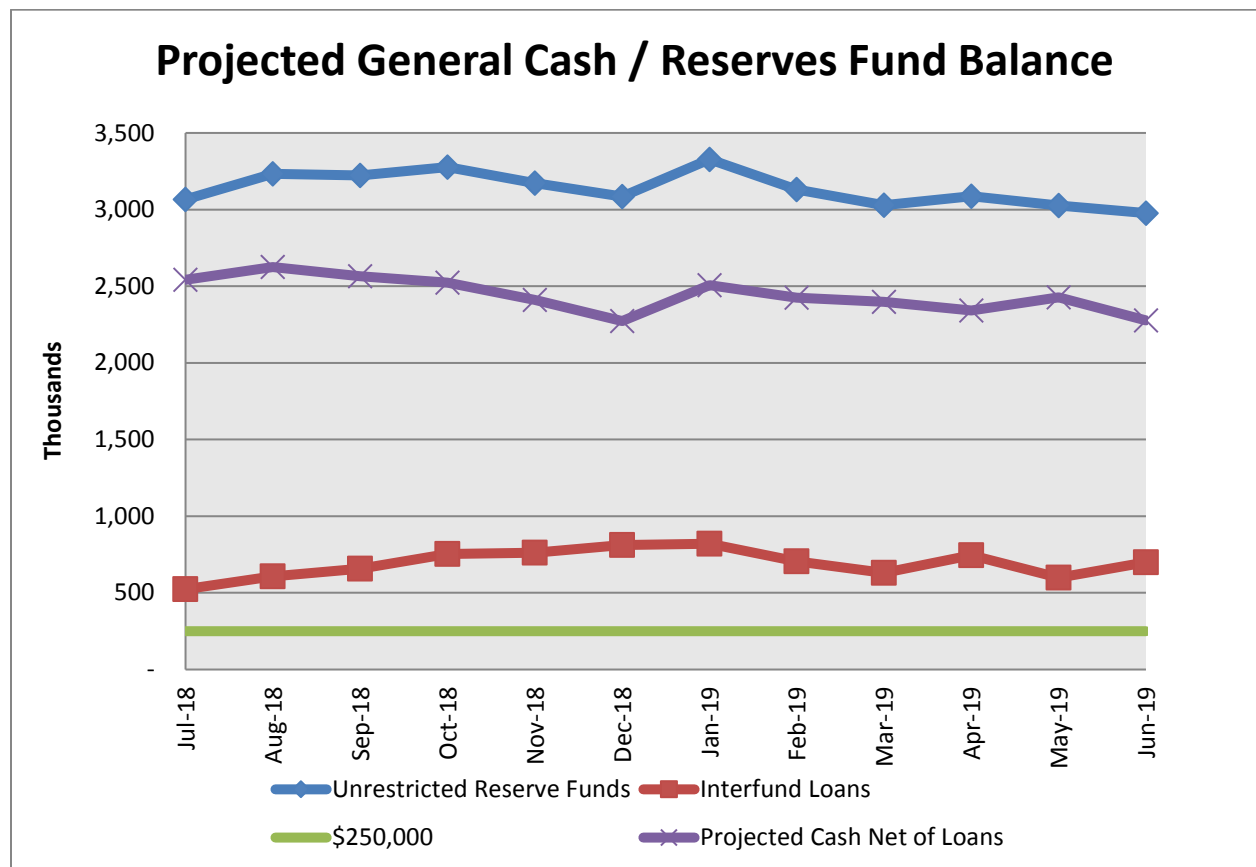
This fund is for the implementation of drought related projects and SARCCUP projects which are administered through PA22 and PA23.



The following graph shows the total budget, total project costs to date, and the amount remaining on each grant.

Fund	Fund Name	Total Budget	Project Costs Through 04/30/19	Remaining Grant Budget
130	Proposition 84 Admin R1	\$660,004	(\$553,387)	\$106,617
135	Proposition 84 Admin R2	627,405	(475,704)	151,701
140	Proposition 84 Admin R3	887,860	(639,712)	248,148
145	Proposition 84 Admin R4	3,213,384	(609,491)	2,603,893
373	OWOW Planning Grant	250,000	(250,000)	0
397	Energy Water DAC Grant (WECAN)	2,339,824	(2,339,824)	0
398	Proposition 1 – DACI Grant	6,300,000	(1,094,717)	5,205,283
504	Prop 84 - Drought Projects	5,547,816	(3,240,171)	2,307,645
504	Prop 84 – 2015 Round (SARCCUP)	1,543,810	(503,338)	1,040,472
Totals		\$21,370,103	(\$9,706,344)	\$11,663,759

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 2019. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2019 because of Proposition 1 and 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.

Attachments:

1. Resolution No. 452 | Amending the Inter-Fund, Inter-Project and Inter-Agency Loan Policy

## RESOLUTION NO. 452

### **A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY AMENDING THE INTER-FUND, INTER-PROJECT AND INTER-AGENCY LOAN POLICY**

**WHEREAS**, the Commission of the Santa Ana Watershed Project Authority (hereafter "SAWPA") previously adopted, by minute action taken on August 3, 1996, an "Inter-Fund/Inter-Project Loan Policy" to regulate loans from one SAWPA Fund or Project to another SAWPA Fund or Project; and

**WHEREAS**, the Commission desires to amend the "Inter-Fund Fund/Project Loan Policy" by formally adopting such Policy, by way of this Resolution, regulating how and in what manner such inter-fund or inter-project loans are to take place and mandating that all such loans require Commission approval in advance as contemplated by the policy adopted on August 3, 1996.

**NOW, THEREFORE, BE IT RESOLVED** that the Commission of the Santa Ana Watershed Project Authority hereby amends the following Loan Policy for any loan from one SAWPA Fund or Project to another SAWPA Fund or Project:

1. Loans from any SAWPA Fund or Project to another SAWPA Fund, Project or another public agency shall be approved in advance by the SAWPA Commission. The approval shall be in written format and include documentation of the specifics of the transaction. The approval shall include a finding that the loan will not expose the lending SAWPA Fund or Project to significant financial or operational risk.
2. Unless otherwise provided for by the Commission, the borrowing Fund, Project or public agency shall be required to repay the loan within a specific period of time and at a rate of interest as determined by the Commission. For the purposes of this policy, SAWPA's calculated quarterly rate of return may be used as the basis for interest payable on the outstanding principal for any loan. The period for repayment of the loan shall be determined by the Commission, but shall be no longer than the life of the lending Fund or Project.
3. The borrowing Fund's, Project's or public agency's repayment source shall be identified and included in the approval action by the Commission and the "loan documentation". The "loan documentation" shall include a written agreement, resolution or other document approved by the Commission setting forth all of the foregoing terms and conditions.

4. Loans to reimbursable SAWPA grant contract projects and related efforts for short-term (i.e., current fiscal year) operating cash flow purposes may be borrowed from the SAWPA General Fund Reserve without prior Commission approval. But all such loans shall be reported to the Commission within 30 days of each such loan. Such loans shall be paid off on a continuous basis. The total funds loaned for all such grant contract projects and related efforts shall not exceed \$250,000.00 in the aggregate for each fiscal year, without prior written approval by the Commission. Payment of interest will be based on the actual interest that would have been earned by the SAWPA General Fund Reserve had those funds not been borrowed. Cash flow and receivables will be reported at least quarterly to forecast needs and demonstrate compliance.
5. Prior to June 30<sup>th</sup> of each year, staff shall provide to the Commission an annual written report of all such Inter-fund, Inter-project or Inter-agency loans, amounts repaid and any outstanding loan balances.

**ADOPTED** this 13th day of December 2005.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: *Mark W. Bulot*  
Mark Bulot, Chair



## COMMISSION MEMORANDUM NO. 2019.61

**DATE:** June 18, 2019

**TO:** SAWPA Commission

**SUBJECT:** Performance Indicators and Financial Reporting – April 2019

**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.
List of SAWPA Funds	Shows each SAWPA Fund with the fund description and fund group.
Debt Service Funding Analysis	Shows total annual income by source used to make debt service payments through debt maturity at FYE 2048.
Debt Service Payment Schedule	Shows total debt service interest and principal payments through debt maturity at FYE 2048.

#### 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.
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**Performance Indicators**

Average Daily Flow by Month	Shows total flow in the Brine Line 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 Indirect Cost 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 Indirect Cost 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         | 10. Reserve Account Analysis                    |
| 2. Revenue & Expense by Fund Type     | 11. Twelve-Month Maturity Schedule - Securities |
| 3. Accounts Receivable Aging Report   | 12. Treasurer's Report                          |
| 4. Open Task Order Schedule           | 13. Average Daily Flow by Month                 |
| 5. List of SAWPA Funds                | 14. Summary of Labor Multipliers                |
| 6. Debt Service Funding Analysis      | 15. General Fund Costs                          |
| 7. Debt Service Payment Schedule      | 16. Benefits                                    |
| 8. Total Cash and Investments (chart) | 17. Labor Hours Budgeted vs. Actual             |
| 9. Cash Balance & Source of Funds     |   |

Santa Ana Watershed Project Authority  
Balance Sheet by Fund Type  
For the Nine Months Ending Sunday, March 31, 2019

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Investments	\$3,906,763.82	\$50,204,031.28	(\$383,281.69)	\$859,195.44	\$2,459,242.21	\$57,045,951.06
Accounts Receivable	(2.24)	1,955,952.14	0.00	2,500,891.62	26,670.94	4,483,512.46
Interest Receivable	0.00	5,042.00	0.00	0.00	0.00	5,042.00
Prepays and Deposits	48,023.84	109,955.40	0.00	0.00	0.00	157,979.24
<b>Total Current Assets</b>	<b>3,954,785.42</b>	<b>52,274,980.82</b>	<b>(383,281.69)</b>	<b>3,360,087.06</b>	<b>2,485,913.15</b>	<b>61,692,484.76</b>
<b>Fixed Assets</b>						
Property, Plant & Equipment less accum depreciation	1,162,007.53	85,322,647.01	0.00	0.00	0.00	86,484,654.54
Work In Process	0.00	0.00	323,716.09	0.00	0.00	323,716.09
<b>Total fixed assets</b>	<b>1,162,007.53</b>	<b>85,322,647.01</b>	<b>323,716.09</b>	<b>0.00</b>	<b>0.00</b>	<b>86,808,370.63</b>
<b>Other Assets</b>						
Wastewater treatment/disposal rights, net of amortization	0.00	26,483,227.96	0.00	0.00	0.00	26,483,227.96
Inventory - Mitigation Credits	0.00	0.00	0.00	0.00	1,910,560.00	1,910,560.00
<b>Total Other Assets</b>	<b>0.00</b>	<b>26,483,227.96</b>	<b>0.00</b>	<b>0.00</b>	<b>1,910,560.00</b>	<b>28,393,787.96</b>
<b>Total Assets</b>	<b>\$5,116,792.95</b>	<b>\$164,080,855.79</b>	<b>(\$59,565.60)</b>	<b>\$3,360,087.06</b>	<b>\$4,396,473.15</b>	<b>\$176,894,643.35</b>
<b>Liabilities and Fund Equity</b>						
<b>Current Liabilities</b>						
Accounts Payable/Accrued Expenses	\$647,749.24	\$947,955.22	\$77,502.40	\$1,850,089.45	\$54,447.32	\$3,577,743.63
Accrued Interest Payable	0.00	247,533.06	0.00	0.00	0.00	247,533.06
Customer Deposits	10,000.00	10,000.00	0.00	0.00	451,275.71	471,275.71
<b>Noncurrent Liabilities</b>						
Long-term Debt	4,327,604.00	29,847,479.91	0.00	0.00	0.00	34,175,083.91
Deferred Revenue	0.00	70,209,133.50	0.00	0.00	0.00	70,209,133.50
<b>Total Liabilities</b>	<b>4,985,353.24</b>	<b>101,262,101.69</b>	<b>77,502.40</b>	<b>1,850,089.45</b>	<b>505,723.03</b>	<b>108,680,769.81</b>
<b>Fund Equity</b>						
Contributed Capital	0.00	20,920,507.03	0.00	0.00	0.00	20,920,507.03
Retained Earnings	1,330,766.05	41,330,123.79	360,590.67	985,966.44	3,576,972.00	47,584,418.95
Revenue Over/Under Expenditures	(1,199,326.34)	568,123.28	(497,658.67)	524,031.17	313,778.12	(291,052.44)
<b>Total Fund Equity</b>	<b>131,439.71</b>	<b>62,818,754.10</b>	<b>(137,068.00)</b>	<b>1,509,997.61</b>	<b>3,890,750.12</b>	<b>68,213,873.54</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$5,116,792.95</b>	<b>\$164,080,855.79</b>	<b>(\$59,565.60)</b>	<b>\$3,360,087.06</b>	<b>\$4,396,473.15</b>	<b>\$176,894,643.35</b>

**Santa Ana Watershed Project Authority**  
**Revenue & Expenses by Fund Type**  
**For the Nine Months Ending Sunday, March 31, 2019**

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Operating Revenue</b>						
Discharge Fees	\$0.00	\$8,233,400.75	\$0.00	\$0.00	\$0.00	\$8,233,400.75
Grant Proceeds	0.00	0.00	0.00	3,041,144.03	0.00	3,041,144.03
Financing Proceeds	0.00	0.00	0.00	0.00	143,589.95	143,589.95
Total Operating Revenue	0.00	8,233,400.75	0.00	3,041,144.03	143,589.95	11,418,134.73
<b>Operating Expenses</b>						
Labor	1,200,089.05	750,479.50	15,681.76	428,069.17	117,035.47	2,511,354.95
Benefits	397,212.28	327,959.56	6,852.92	187,066.23	51,144.53	970,235.52
Indirect Costs	0.00	1,058,926.56	22,126.95	604,005.58	165,137.05	1,850,196.14
Education & Training	6,099.41	185.00	0.00	0.00	0.00	6,284.41
Consulting & Professional Services	247,115.69	102,830.40	452,989.99	1,173,440.64	392,185.25	2,368,561.97
Operating Costs	1,174.31	2,277,130.97	0.00	0.00	218.55	2,278,523.83
Repair & Maintenance	50,212.43	139,897.58	0.00	0.00	0.00	190,110.01
Phone & Utilities	42,180.66	6,272.29	0.00	0.00	0.00	48,452.95
Equipment & Computers	174,613.31	40,304.04	0.00	0.00	0.00	214,917.35
Meeting & Travel	13,652.05	1,258.39	7.05	13,392.15	784.90	29,094.54
Other Administrative Costs	102,015.03	39,531.62	0.00	21,822.57	10,652.03	174,021.25
Benefits Applied	113,217.46	0.00	0.00	0.00	0.00	113,217.46
Indirect Costs Applied	(1,859,631.01)	0.00	0.00	0.00	0.00	(1,859,631.01)
Other Expenses	44,078.32	110,953.02	0.00	0.00	10,647.06	165,678.40
Construction	0.00	0.00	0.00	1,347,945.22	0.00	1,347,945.22
Total Operating Expenses	532,028.99	4,855,728.93	497,658.67	3,775,741.56	747,804.84	10,408,962.99
Operating Income (Loss)	(532,028.99)	3,377,671.82	(497,658.67)	(734,597.53)	(604,214.89)	1,009,171.74
<b>Nonoperating Income (Expense)</b>						
Member Contributions	604,695.00	0.00	0.00	801,000.00	66,000.00	1,471,695.00
Other Agency Contributions	0.00	0.00	0.00	449,352.78	830,596.00	1,279,948.78
Interest Income	42,773.26	468,641.82	0.00	9,067.82	20,605.11	541,088.01
Interest Expense - Debt Service	0.00	(668,435.92)	0.00	0.00	0.00	(668,435.92)
Other Income	1,279.46	1,190,620.64	0.00	0.00	0.00	1,191,900.10
Use of Reserves	(127,027.66)	0.00	0.00	0.00	0.00	(127,027.66)
Operating Transfers	0.00	0.00	0.00	(791.90)	791.90	0.00
Total Nonoperating Income (Expense)	521,720.06	990,826.54	0.00	1,258,628.70	917,993.01	3,689,168.31
Excess Rev over (under) Exp	(\$10,308.93)	\$4,368,498.36	(\$497,658.67)	\$524,031.17	\$313,778.12	\$4,698,340.05



Aging Report  
Santa Ana Watershed Project Authority  
Receivables as of April 30, 2019

Customer Name	Project	Total	0-30 Days	31-60 Days	61 and Over
Chino Basin Desalter Authority	Brine Line	329,650.70	171,937.59	175,638.63	154,012.07
Department of Water Resources	Prop 84, WECAN	2,542,967.39	-	42,075.77	2,500,891.62
Eastern Municipal Water District	Brine Line	171,570.90	168,428.73	171,570.90	
Inland Empire Utilities Agency	Brine Line, Emerging Constituents	100,617.78	102,881.43	100,617.78	
Lake Elsinore & San Jacinto Watersheds Authority	LESJWA Administration	20,758.73		20,758.73	
San Bernardino Valley Municipal Water District	Brine Line	89,386.45	98,806.22	89,386.45	
Western Municipal Water District	Brine Line	727,092.62	372,897.52	372,148.92	354,943.70
Total Accounts Receivable		3,982,044.57	914,951.49	972,197.18	3,009,847.39

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Apr-19  
(Reflects Invoices Received as of 5/13/19)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
ACS100-11	100-00	Accent Computer Solutions	IT Support	08/08/2018	06/30/2020	\$ 186,800.00	\$ -	\$ 186,800.00	\$ 67,515.09	\$ 119,284.91	Dean Unger	
HAMM100-240-01	100/240	Hammons Strategies	Technical Writing - SAWPA/BL	07/01/2018	06/30/2019	\$ 10,000.00	\$ -	\$ 10,000.00	\$ 9,900.00	\$ 100.00	Rich Haller	
INSOL100-11	100-00	Integrated Systems Solutions	Management of Info Systems & Technology	08/01/2018	06/30/2019	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 2,775.50	\$ 224.50	Dean Unger	
SOL100-01	100-00	Sol Media	Website Support and Hosting	10/29/2018	10/31/2019	\$ 6,680.00	\$ 1,960.00	\$ 8,640.00	\$ 7,750.00	\$ 890.00	Dean Unger	
TEAM100-07	100-00	Teaman, Ramirez, & Smith	Auditing Services	06/05/2018	06/30/2021	\$ 79,500.00	\$ -	\$ 79,500.00	\$ 26,569.00	\$ 52,931.00	Karen Williams	
TTD100-04	100-00	The Technology Depot	Phone Support	08/17/2018	06/30/2019	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 2,209.81	\$ 2,790.19	Dean Unger	
WCA100-03-03	100-03	West Coast Advisors	State Legislative Consulting FY19-20	01/01/2019	12/31/2020	\$ 235,000.00	\$ -	\$ 235,000.00	\$ 48,750.00	\$ 186,250.00	Larry McKenney	
CALV240-03	240	Calvada Surveying	BL On Call Land Surveying Services	06/05/2018	06/30/2020	\$ 28,970.00	\$ -	\$ 28,970.00	\$ -	\$ 28,970.00	Carlos Quintero	On Call
DOUG240-03	240	Douglas Environmental	Brine Line Meter Calibration	07/01/2018	06/30/2020	\$ 25,620.00		\$ 25,620.00	\$ 16,046.06	\$ 9,573.94	Carlos Quintero	On Call
WO2019-04	240	E S Babcock	Brine Line Sample Collection & Analysis	07/01/2018	06/30/2019	\$ 86,454.00	\$ -	\$ 86,454.00	\$ 51,651.00	\$ 34,803.00	Carols Quintero	
HAZ240-09	240	Haz Mat Trans Inc	On Call Draining & Emergency Clean Up	07/01/2018	06/30/2020	\$ 96,665.00	\$ -	\$ 96,665.00	\$ 833.75	\$ 95,831.25	Carlos Quintero	On Call
HAZ240-10	240	Haz Mat Trans Inc	BL Debris Hauling & Disposal services	07/01/2018	06/30/2020	\$ 34,800.00		\$ 34,800.00	\$ 4,720.00	\$ 30,080.00	Carlos Quintero	On Call
HOU240-04	240	Houston Harris PCS Inc	Brine Line On Call Inspection Services	07/01/2018	06/30/2020	\$ 96,448.00	\$ -	\$ 96,448.00	\$ 2,131.50	\$ 94,316.50	Carlos Quintero	On Call
WO2019-03	240	Inland Empire Utilities Agency	Reach 4A Upper - BL Maintenance	07/01/2018	06/30/2019	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	Carlos Quintero	
INN240-03	240	Innerline Engineering Inc	Brine Line On-Call Line Cleaning	07/01/2018	06/30/2020	\$ 151,020.00		\$ 151,020.00	\$ 11,571.75	\$ 139,448.25	Carlos Quintero	On Call
TRU240-22	240	Trussell Technologies	Monthly County Line Solids Analysis	10/16/2018	06/30/2019	\$ 9,664.00	\$ -	\$ 9,664.00	\$ 6,612.39	\$ 3,051.61	Carlos Quintero	
TRU240-23	240	Trussell Technologies	2019 BL Annual Review	10/15/2018	10/31/2019	\$ 49,899.00	\$ -	\$ 49,899.00	\$ 12,741.02	\$ 37,157.98	Carlos Quintero	
WO2019-01	240	WMWD	Sample Collection & Analysis	07/01/2018	06/30/2019	\$ 80,000.00	\$ -	\$ 80,000.00	67,174.96	\$ 12,825.04	David Ruhl	
WO2019-02	240	WMWD	Brine Line Operations & Maintenance	07/01/2018	06/30/2019	\$ 25,000.00	\$ -	\$ 25,000.00	9,397.01	\$ 15,602.99	Carlos Quintero	
STAN320-01	320	Stantec	Alcoa Dike - BL Protection	05/30/2018	06/30/2019	\$ 13,584.00	\$ 3,695.00	\$ 17,279.00	17,005.81	\$ 273.19	David Ruhl	
W&C327-02	327	Woodard & Curran	IEBL Reach IV-D Near Term Inspection Work	04/03/2019	12/31/2019	\$ 50,000.00	\$ -	\$ 50,000.00	\$ -	\$ 50,000.00	David Ruhl	
BLAIS370-02	370-01	Blais & Associates	Grant Needs Assessment & Grant Monitoring	10/01/2018	12/31/2019	\$ 24,700.00	\$ -	\$ 24,700.00	\$ 8,668.47	\$ 16,031.53	Ian Achimore	
DUDK373-06	373	Dudek	Prop1 Round 1 Grant App	03/07/2019	12/31/2019	\$ 91,310.00	\$ -	\$ 91,310.00	\$ 345.00	\$ 90,965.00	Ian Achimore	
SWWG373-01	373	Sierra Water Workgroup	Roundtable of Regions network coordinator	04/01/2019	06/30/2020	\$ 84,454.00	\$ -	\$ 84,454.00	\$ -	\$ 84,454.00	Matt Howard	138

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Apr-19  
(Reflects Invoices Received as of 5/13/19)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
GEOS374-01	374	GeoScience Support Service	SAR WLA Model Update	02/01/2017	06/30/2019	\$ 249,800.00	\$ 94,436.00	\$ 344,236.00	\$ 335,658.75	\$ 8,577.25	Mark Norton	
RISK374-08	374	Risk Sciences	Basin Monitory TF Regulatory Support	03/21/2019	06/30/2020	\$ 74,400.00	\$ -	\$ 74,400.00	\$ 4,425.40	\$ 69,974.60	Mark Norton	
WSC374-01	374	Water Systems Consulting	Recomputation of Ambient Water Quality	04/02/2019	06/30/2020	\$ 373,973.00	\$ -	\$ 373,973.00	\$ 10,128.25	\$ 363,844.75	Mark Norton	
SAWA381-01	381	Santa Ana Watershed Association	Van Buren Bridge Suker Restoration	09/26/2018	12/31/2019	\$ 15,130.20	\$ -	\$ 15,130.20	\$ 5,961.40	\$ 9,168.80	Ian Achimore	
SCH381-01	381	Scheevel Engineering	S.A. Sucker - Beneficial Use Project	04/18/2017	06/30/2020	\$ 96,725.00	\$ 7,275.00	\$ 104,000.00	\$ 99,529.00	\$ 4,471.00	Ian Achimore	
SCH381-02	381	Scheevel Engineering	S.A. Sucker - Habitat Construction Management	09/17/2018	12/31/2019	\$ 12,300.00	\$ -	\$ 12,300.00	\$ 5,025.00	\$ 7,275.00	Ian Achimore	
RISK384-09	384-01	Risk Sciences	MSAR TMDL Task Force	07/01/2018	06/30/2019	\$ 49,340.00	\$ -	\$ 49,340.00	\$ 23,623.05	\$ 25,716.95	Rick Whetsel	
CDM386-13	386	CDM Smith	Regional Bacteria Monitoring Program	07/01/2018	06/30/2019	\$ 324,914.00	\$ 28,834.00	\$ 353,748.00	\$ 230,613.40	\$ 123,134.60	Rick Whetsel	
CDM386-14	386	CDM Smith	SAR Bactgeria Monitoring Program	02/27/2019	06/30/2020	\$ 362,865.00	\$ -	\$ 362,865.00	\$ -	\$ 362,865.00	Rick Whetsel	
RISK386-10	386	Risk Sciences	Compliance Expert - RWQM TF	07/01/2018	06/30/2019	\$ 46,820.00	\$ -	\$ 46,820.00	\$ 10,249.32	\$ 36,570.68	Rick Whetsel	
SAWA387-06	387	Santa Ana Watershed Association	Arundo Surveying	07/17/2018	08/31/2019	\$ 23,000.00	\$ -	\$ 23,000.00	\$ -	\$ 23,000.00	Ian Achimore	
DEGR392-04	392	DeGrave Communications	Social Media Support - EC TF	07/01/2018	06/30/2019	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 23,690.29	\$ 6,309.71	Mark Norton	
RISK392-05	392	Risk Sciences	Emerging Constituents Sampling Progam 2019	02/20/2019	06/30/2020	\$ 28,250.00	\$ -	\$ 28,250.00	\$ 5,494.04	\$ 22,755.96	Mark Norton	
ECOT397-02	397	Ecotech Services	WECAN Landscaping Services	04/04/2017	09/30/2019	\$ 612,000.00	\$ -	\$ 612,000.00	\$ 590,125.00	\$ 21,875.00	Ian Achimore	
PO3466	398	California Rural Water Association	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 240,000.00	\$ -	\$ 240,000.00	\$ 128,092.79	\$ 111,907.21	Matt Howard	
DEGR398-01	398	Degrave Communications	Social Meida Support	03/20/2018	06/30/2019	\$ 78,434.00	\$ -	\$ 78,434.00	\$ 78,434.00	\$ -	Matt Howard	
IEW398-03	398	Inland Empire Waterkeeper	Disadvanged Communities Grant	09/03/2018	04/30/2021	\$ 7,200.00	\$ -	\$ 7,200.00	\$ 6,615.92	\$ 584.08	Matt Howard	
LTI398-01	398	Lazar Translation & Interpreting	Disadvantaged Communities Grant	04/16/2019	04/30/2020	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	Rick Whetsel	
PO3463	398	Local Government Commission	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 442,000.00	\$ -	\$ 442,000.00	\$ 256,930.84	\$ 185,069.16	Matt Howard	
PO3551	398	UC Irvine	Disadvantaged Communities Grant	11/06/2017	04/30/2020	\$ 105,000.00	\$ 277,000.00	\$ 382,000.00	\$ 223,492.85	\$ 158,507.15	Matt Howard	
PO3465	398	University Enterprises Corporation	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 1,290,500.00	\$ -	\$ 1,290,500.00	\$ 121,246.60	\$ 1,169,253.40	Matt Howard	
PO3464	398	Water Education Foundation	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 51,678.36	\$ 98,321.64	Matt Howard	
MSS504-301-01	504-00	Miller Spatial Services	Geocoding & Business Type Classification	08/24/2017	06/30/2019	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 170,322.30	\$ 129,677.70	Rick Whetsel	
RMC504-401-04	504-04	Woodard & Curran	SARCCUP Program Mgmt Services	07/01/2018	06/30/2019	\$ 224,485.00	\$ -	\$ 224,485.00	\$ 106,503.67	\$ 117,981.33	Ian Achimore	139

Santa Ana Watershed Project Authority  
 Open Task Orders Schedule  
 Apr-19  
 (Reflects Invoices Received as of 5/13/19)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
RMC504-401-05	504-04	Woodard & Curran	Technical Writing & Outreach Support	10/24/2018	06/30/2020	\$ 37,411.00	\$ -	\$ 37,411.00	\$ 14,400.25	\$ 23,010.75	Mark Norton	
										<u>\$ 4,205,706.60</u>		

## LIST OF SAWPA FUNDS

<b>Fund No.</b>	<b>Fund Description</b>	<b>Fund Group</b>
100-00	General Fund	General
100-03	State Lobbying	General
100-04	Federal Lobbying	General
100-05	Grant Applications	General
130	Proposition 84 – Program Management - Round 1	OWOW
135	Proposition 84 – Program Management – Round 2	OWOW
140	Proposition 84 – Program Management – Drought Round	OWOW
145	Proposition 84 – Program Management – 2015 Round	OWOW
240	Brine Line Enterprise	Brine Line
320-01	Brine Line Protection – Downstream Prado	Capital Projects
320-03	Brine Line Protection Above Prado	Capital Projects
320-04	Brine Line Protection D/S Prado in Riverside County	Capital Projects
326	Reach V Capital Repairs	Capital Projects
327	Reach IV-D Corrosion Repair	Capital Projects
370-01	Basin Planning General	OWOW
370-02	USBR Partnership Studies	OWOW
372	Imported Water Recharge Work Group	Roundtable
373	Watershed Management (OWOW)	OWOW
374	Basin Monitoring Program Task Force	Roundtable
381	Santa Ana River Fish Conservation	Roundtable
384-01	MSAR TMDL Task Force	Roundtable
386	Regional Water Quality Monitoring Task Force	Roundtable
387	Arundo Management & Habitat Restoration	Roundtable
392	Emerging Constituents Task Force	Roundtable
396	Forest First	Roundtable
397	Energy – Water DAC Grant Project	OWOW
398	Proposition 1 - DACI	OWOW
477	LESJWA Administration	Roundtable
504-01	Proposition 84 – Capital Projects Round 1 & 2	OWOW
504-00	Proposition 84 – Drought Capital Projects	OWOW
504-04	Proposition 84 – Final Round SARCCUP	OWOW

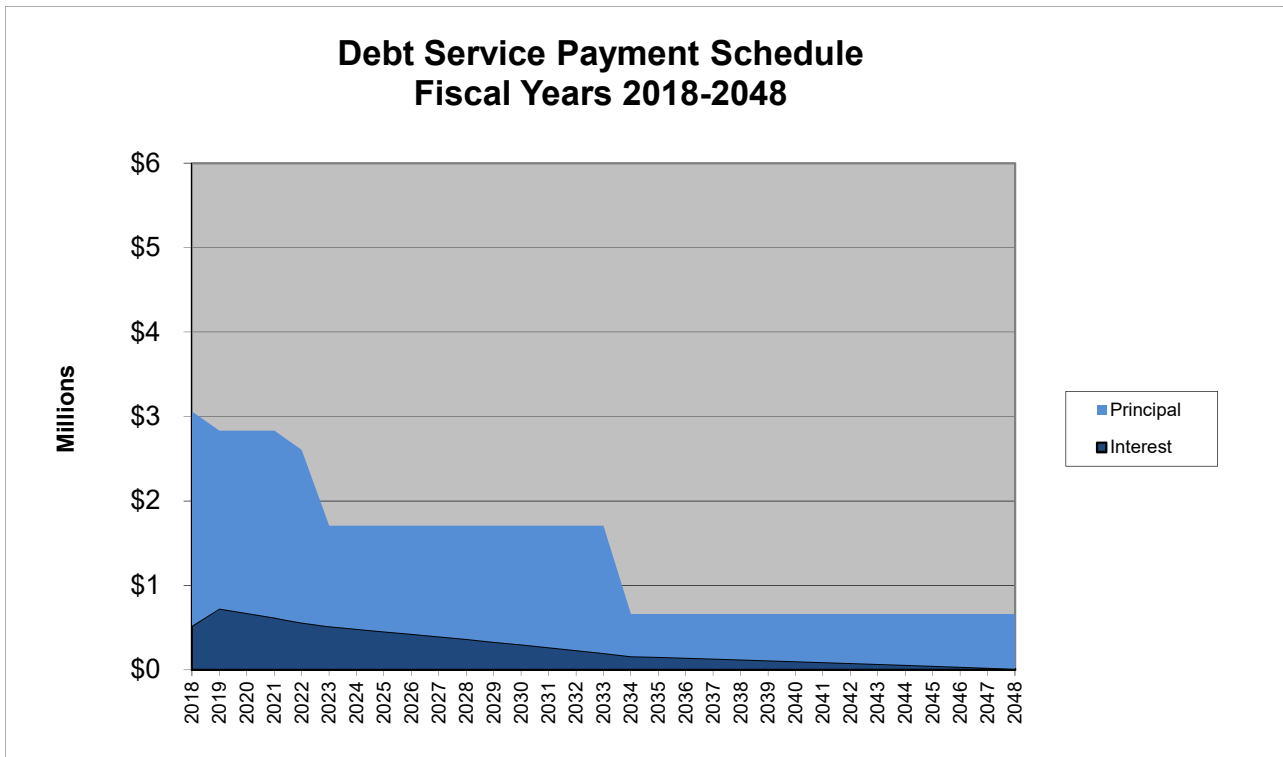
Santa Ana Watershed Project Authority  
 Brine Line Debt Service Funding Analysis  
 April 30, 2019

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						5,335,350
2019	395,000	89,053	1,708,750	(3,191,277)	26,392	(972,082)	4,363,268
2020	395,000	-	1,708,750	(2,835,027)	56,175	(675,102)	3,688,166
2021	-	-	1,708,750	(2,835,027)	42,673	(1,083,604)	2,604,562
2022	-	-	1,708,750	(2,607,713)	21,001	(877,961)	1,726,601
2023	-	-	1,708,750	(1,708,750)	3,442	3,442	1,730,043
2024	-	-	1,708,750	(1,708,750)	3,511	3,511	1,733,554
2025	-	-	1,708,750	(1,708,750)	3,581	3,581	1,737,135
2026	-	-	1,708,750	(1,708,750)	3,653	3,653	1,740,787
2027	-	-	1,708,750	(1,708,750)	3,726	3,726	1,744,513
2028	-	-	1,708,750	(1,708,750)	3,800	3,800	1,748,313
2029	-	-	1,708,750	(1,708,750)	3,876	3,876	1,752,189
2030	-	-	1,708,750	(1,708,750)	3,954	3,954	1,756,143
2031	-	-	1,708,750	(1,708,750)	4,033	4,033	1,760,175
2032	-	-	1,708,750	(1,708,750)	4,113	4,113	1,764,289
2033	-	-	1,708,749	(1,708,749)	4,196	4,196	1,768,484
2034	-	-	664,476	(664,476)	4,280	4,280	1,772,764
2035	-	-	664,476	(664,476)	4,365	4,365	1,777,130
2036	-	-	664,476	(664,476)	4,452	4,452	1,781,581
2037	-	-	664,476	(664,476)	4,541	4,541	1,786,124
2038	-	-	664,476	(664,476)	4,632	4,632	1,790,755
2039	-	-	664,476	(664,476)	4,725	4,725	1,795,480
2040	-	-	664,476	(664,476)	4,819	4,819	1,800,299
2041	-	-	664,476	(664,476)	4,916	4,916	1,805,215
2042	-	-	664,476	(664,476)	5,014	5,014	1,810,229
2043	-	-	664,476	(664,476)	5,114	5,114	1,815,344
2044	-	-	664,476	(664,476)	5,217	5,217	1,820,560
2045	-	-	664,476	(664,476)	5,321	5,321	1,825,881
2046	-	-	664,476	(664,476)	5,427	5,427	1,831,309
2047	-	-	664,476	(664,476)	5,536	5,536	1,836,844
2048	-	-	664,476	(664,476)	5,647	5,647	1,842,492
	790,000	89,053	35,598,389	(40,232,434)	262,132	(3,492,859)	-

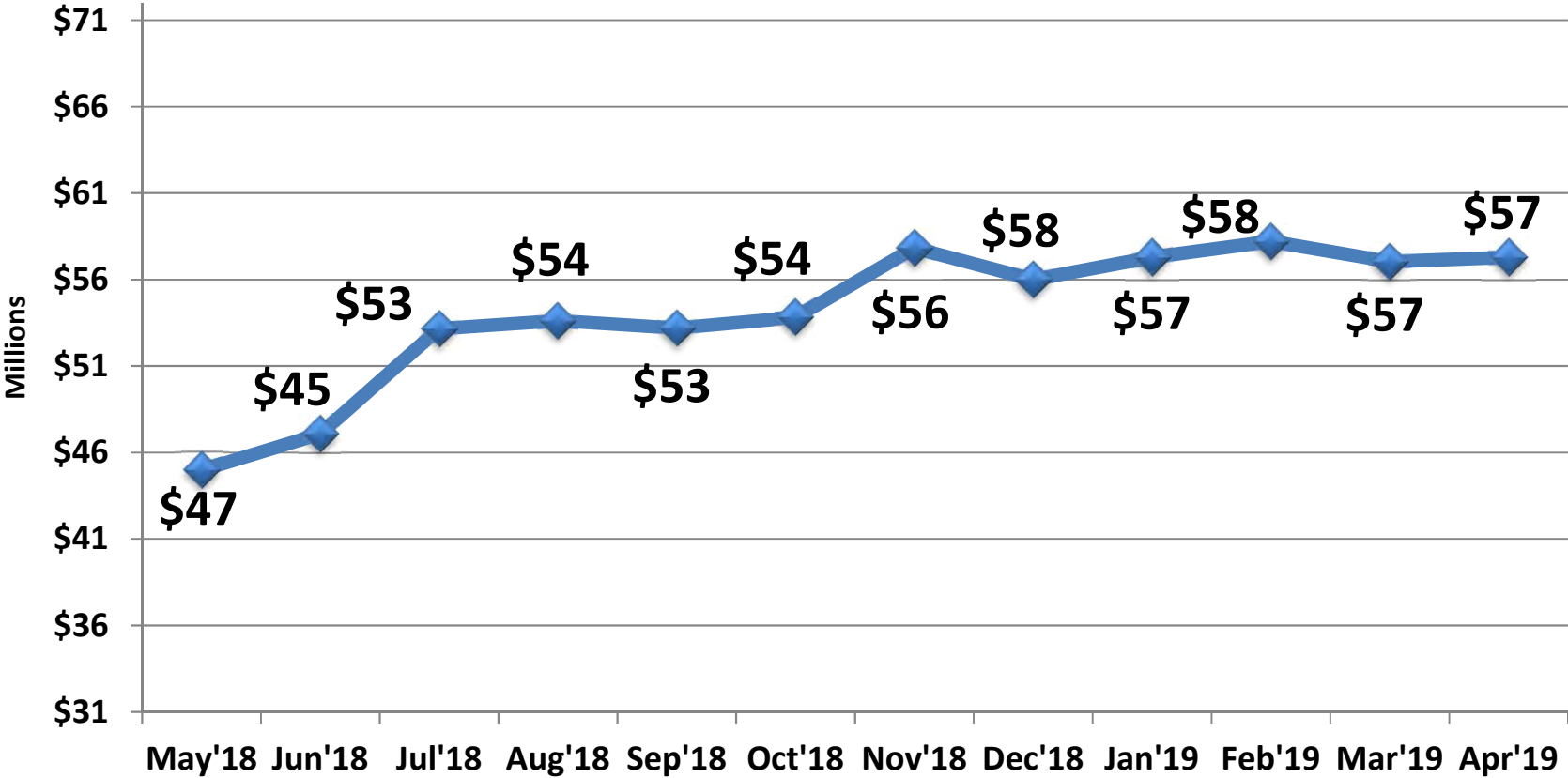
\*Interest earned is based on a conservative 2.00% average return over the period

Santa Ana Watershed Project Authority  
 Brine Line Debt Service Payment Schedule  
 April 30, 2019

FYE	Interest	Principal	Total Payment	New SRF Loan	Remaining Principal
2018	520,699	2,539,821	3,060,520	15,088,592	31,938,455
2019	727,977	2,107,050	2,835,027	-	29,831,405
2020	674,909	2,160,119	2,835,027	-	27,671,286
2021	620,485	2,214,543	2,835,027	-	25,456,743
2022	564,670	2,043,043	2,607,713	-	23,413,700
2023	514,020	1,194,730	1,708,750	-	22,218,970
2024	485,808	1,222,942	1,708,750	-	20,996,029
2025	456,917	1,251,833	1,708,750	-	19,744,196
2026	427,330	1,281,420	1,708,750	-	18,462,777
2027	397,030	1,311,719	1,708,750	-	17,151,057
2028	366,000	1,342,750	1,708,750	-	15,808,307
2029	334,221	1,374,529	1,708,750	-	14,433,779
2030	301,675	1,407,074	1,708,750	-	13,026,704
2031	268,344	1,440,405	1,708,750	-	11,586,299
2032	234,208	1,474,541	1,708,750	-	10,111,758
2033	199,248	1,509,501	1,708,749	-	8,602,257
2034	163,443	501,033	664,476	-	8,101,223
2035	153,923	510,553	664,476	-	7,590,670
2036	144,223	520,254	664,476	-	7,070,416
2037	134,338	530,138	664,476	-	6,540,278
2038	124,265	540,211	664,476	-	6,000,067
2039	114,001	550,475	664,476	-	5,449,592
2040	103,542	560,934	664,476	-	4,888,658
2041	92,884	571,592	664,476	-	4,317,066
2042	82,024	582,452	664,476	-	3,734,614
2043	70,958	593,519	664,476	-	3,141,095
2044	59,681	604,796	664,476	-	2,536,299
2045	48,190	616,287	664,476	-	1,920,013
2046	36,480	627,996	664,476	-	1,292,017
2047	24,548	639,928	664,476	-	652,087
2048	12,390	652,087	664,477	-	-



# Total Cash & Investments







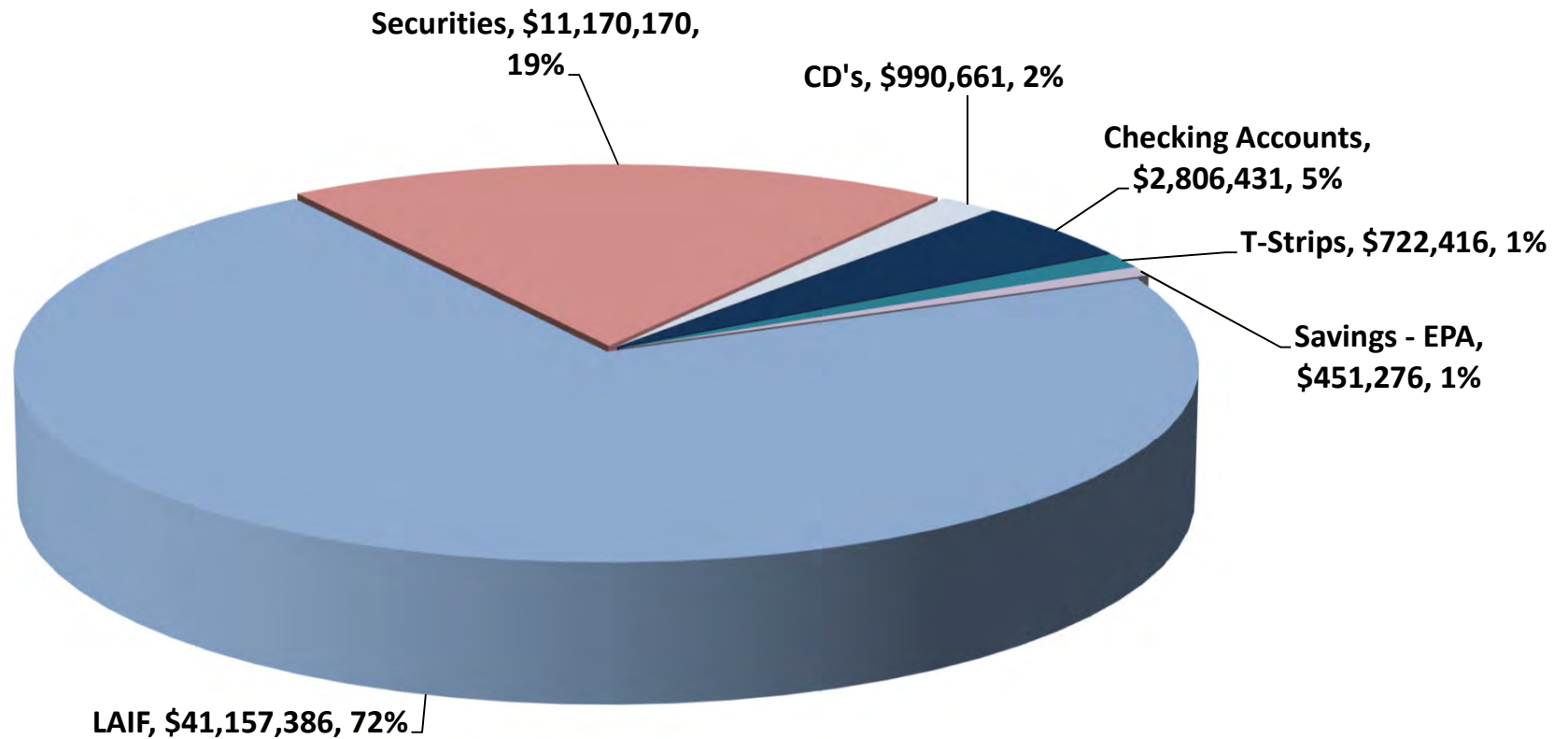
# CASH BALANCE & SOURCE OF FUNDS

April 30, 2019

Reserve Accounts		Cash and Investments							
	Total	Checking (Cash)	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Treasury Strips	Total	
100	General Fund	\$ 2,341,288	2,341,288	-	-	-	-	\$ 2,341,288	
100	Building Reserve	\$ 881,110	-	881,110	-	-	-	\$ 881,110	
370	Basin Planning General	\$ 207,030	-	207,030	-	-	-	\$ 207,030	
370	USBR Partnership Studies	\$ 52,738	-	52,738	-	-	-	\$ 52,738	
373	Watershed Management Plan	\$ 256,901	-	256,901	-	-	-	\$ 256,901	
240	Self Insurance Reserve	\$ 4,149,418	-	4,149,418	-	-	-	\$ 4,149,418	
240	Brine Line Debt Retirement	\$ 4,427,377	-	3,704,961	-	-	722,416	\$ 4,427,377	
240	Brine Line - Pipeline Replacement	\$ 20,698,325	-	8,537,494	-	11,170,170	990,661	\$ 20,698,325	
240	Brine Line - OCSD Rehabilitation	\$ 3,628,707	-	3,628,707	-	-	-	\$ 3,628,707	
240	Brine Line - Capacity Management	\$ 11,620,440	-	11,620,440	-	-	-	\$ 11,620,440	
240	Brine Line - OCSD Future Capacity	\$ 1,779,127	-	1,779,127	-	-	-	\$ 1,779,127	
240	Brine Line - Flow Imbalance Reserve	\$ 85,989	-	85,989	-	-	-	\$ 85,989	
240	Brine Line - Operating Reserve	\$ 3,865,783	465,143	3,400,640	-	-	-	\$ 3,865,783	
401	Legal Defense Fund	\$ 451,276	-	-	451,276	-	-	\$ 451,276	
374	Basin Monitoring Program TF	\$ 372,629	-	372,629	-	-	-	\$ 372,629	
381	SAR Fish Conservation	\$ 126,305	-	126,305	-	-	-	\$ 126,305	
384	Middle SAR TMDL TF	\$ 145,580	-	145,580	-	-	-	\$ 145,580	
386	RWQ Monitoring TF	\$ 286,826	-	286,826	-	-	-	\$ 286,826	
387	Mitigation Bank Credits	\$ 951,556	-	951,556	-	-	-	\$ 951,556	
392	Emerging Constituents TF	\$ 83,903	-	83,903	-	-	-	\$ 83,903	
397	Energy - Water DAC Grant	\$ 212,038	-	212,038	-	-	-	\$ 212,038	
504	Prop 84 - SARCCUP Projects	\$ 673,994	-	673,994	-	-	-	\$ 673,994	
		\$ 57,298,340	\$ 2,806,431	\$ 41,157,386	\$ 451,276	\$ 11,170,170	\$ 990,661	\$ 722,416	\$ 57,298,340

# Cash & Investments - April 2019

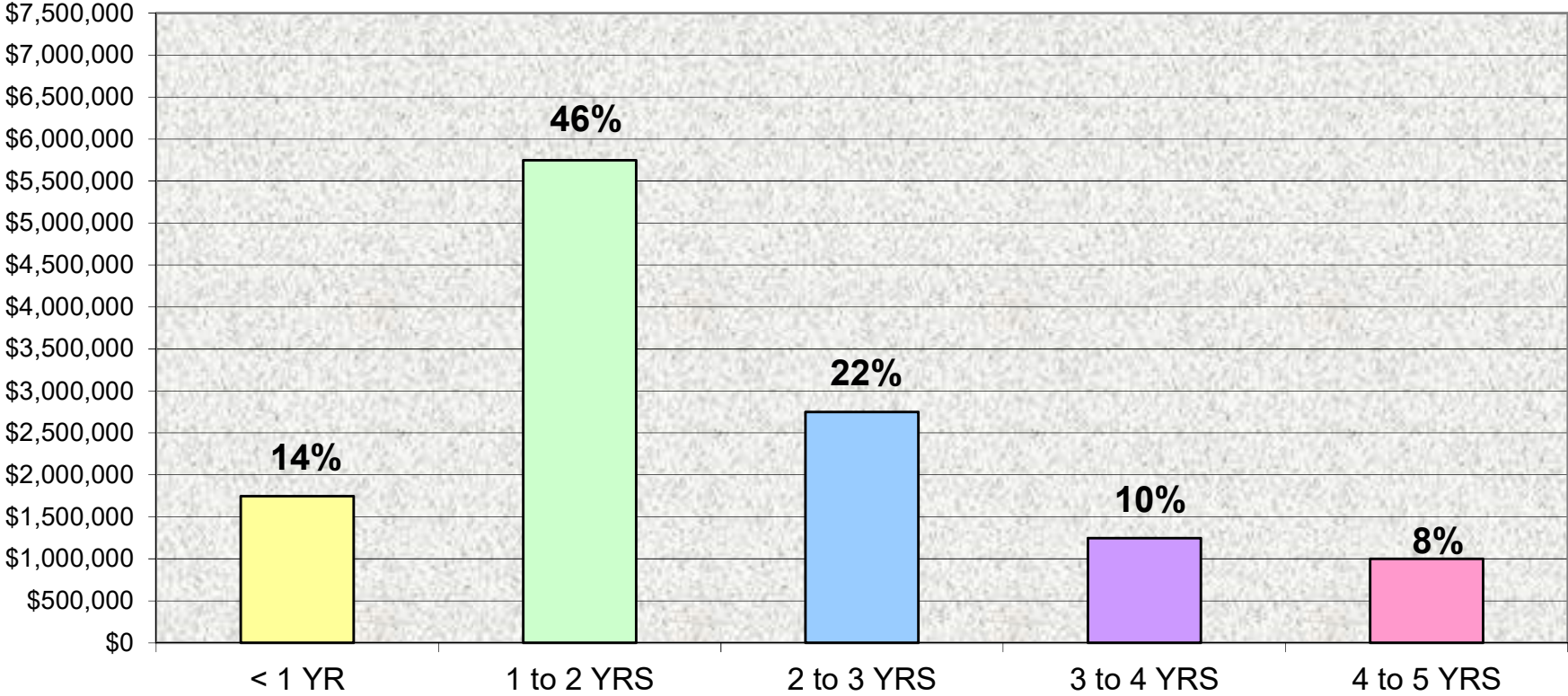
## \$57,298,340



Santa Ana Watershed Project Authority  
Reserve Account Analysis  
April 30, 2019

Reserve Account	Balance @ 6/30/2018	Interest Earned	Fund Contributions	Loan/T-Strip Receipts	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 4/30/2019	Estimated Fund Changes	Balance @ 6/30/2019
Brine Line Operating Reserve	2,585,699	65,988	9,601,893				(8,301,808)	3,951,772	-	3,951,772
Flow Imbalance Reserve	93,670	1,733					(9,415)	85,989	-	85,989
OCSD Future Capacity	1,745,247	33,880						1,779,127	-	1,779,127
Capacity Management	11,352,490	267,950						11,620,440	-	11,620,440
Pipeline Replacement	11,309,285	313,936	9,542,347				(467,243)	20,698,325	(1,353,883)	19,344,443
OCSD Rehabilitation	3,559,605	69,103						3,628,707	-	3,628,707
Debt Retirement	5,157,252	84,706	1,565,953	89,053	(3,192,003)			3,704,961	1,012,762	4,717,723
Self Insurance	3,988,170	77,915	83,333					4,149,418	16,667	4,166,085
General Fund	2,636,095	58,451	655,136			(746,021)	(262,373)	2,341,288	-	2,341,288
Building Reserve	910,526	18,584	100,000				(148,000)	881,110	-	881,110
	43,338,039	992,246	21,548,662	89,053	(3,192,003)	(746,021)	(9,188,839)	52,841,137	(324,454)	52,516,684

# Twelve Month Maturity Schedule Securities



**SAWPA**  
**TREASURER'S REPORT**  
As of April 30, 2019

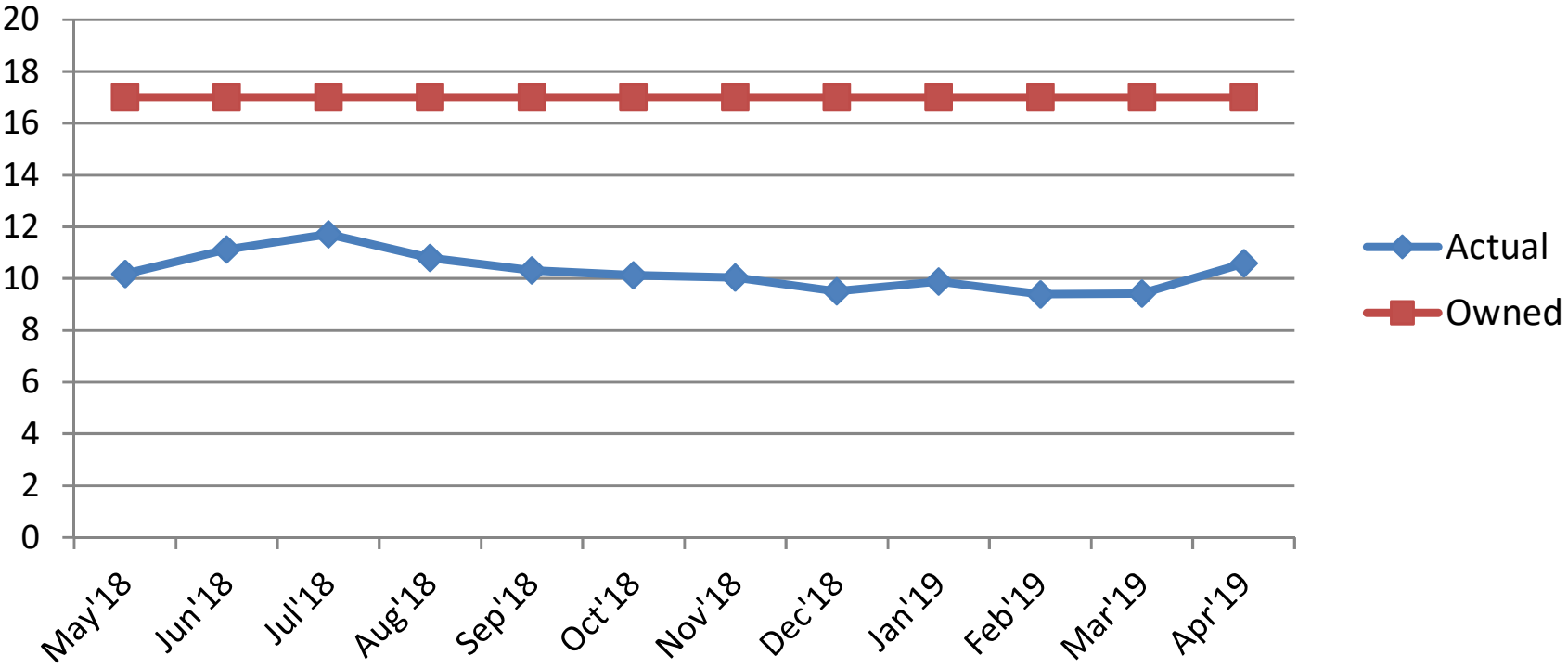
Investment T-Strips  
Safekeeping US Bank

T-STRIPS	Debt	Purchase Date	Maturity Date	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
USB	TVRI	02/11/2000	05/15/2020	790,000.00	228,677.35	561,322.65	67,583.86	722,416.14	778,395.69	6.38%
				\$ 790,000.00	\$ 228,677.35	\$ 561,322.65	\$ 67,583.86	722,416.14	\$ 778,395.69	6.38%

Investment Commercial  
Safekeeping US Bank

Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate
Agency	FHLMC	9/16/2016	8/12/2021	100.00	\$ 990,060.00	\$ 1,000,000.00	\$ 1,000,000.00	973,727.00	1.125%
Agency	FHLMC	4/17/2017	1/13/2022	102.55	\$ 512,767.00	\$ 500,000.00	\$ 500,000.00	500,377.00	2.375%
Agency	FHLB	5/26/2015	6/14/2019	100.80	\$ 504,015.00	\$ 500,000.00	\$ 500,000.00	499,513.50	1.625%
Agency	FHLB	6/16/2016	6/12/2020	102.61	\$ 1,026,088.00	\$ 1,000,000.00	\$ 1,000,000.00	992,814.00	1.750%
Agency	FHLB	12/14/2017	6/10/2022	99.89	\$ 998,930.00	\$ 1,000,000.00	\$ 1,000,000.00	993,462.00	2.125%
Agency	FNMA	12/28/2015	12/28/2020	100.21	\$ 1,002,140.00	\$ 1,000,000.00	\$ 1,000,000.00	992,410.00	1.875%
Agency	FNMA	6/16/2016	11/30/2020	101.52	\$ 1,015,157.00	\$ 1,000,000.00	\$ 1,000,000.00	986,662.00	1.500%
Agency	USTN	11/17/2015	10/31/2020	100.00	\$ 1,005,312.50	\$ 1,000,000.00	\$ 1,000,000.00	991,602.00	1.750%
Agency	USTN	11/17/2015	11/30/2019	100.00	\$ 1,001,210.94	\$ 1,000,000.00	\$ 1,000,000.00	994,453.00	1.500%
Agency	USTN	6/17/2016	8/31/2020	101.13	\$ 507,070.31	\$ 500,000.00	\$ 500,000.00	493,574.00	1.375%
Agency	USTN	6/16/2016	9/30/2020	101.12	\$ 506,992.19	\$ 500,000.00	\$ 500,000.00	493,359.50	1.375%
Agency	USTN	6/16/2016	10/31/2020	101.12	\$ 506,914.06	\$ 500,000.00	\$ 500,000.00	493,066.50	1.375%
Agency	USTN	12/14/2017	7/31/2021	96.91	\$ 969,062.50	\$ 1,000,000.00	\$ 1,000,000.00	975,273.00	1.125%
CORP	Apple Inc.	10/15/2018	5/3/2023	95.98	\$ 479,898.50	\$ 500,000.00	\$ 500,000.00	490,988.00	2.400%
CORP	Toyota Motor Credit Corp.	10/15/2018	9/20/2023	99.55	\$ 497,747.50	\$ 500,000.00	\$ 500,000.00	506,886.00	3.450%
CD	Ally Bank	4/20/2017	4/20/2020	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	246,790.37	1.800%
CD	American Exp Centurion	4/19/2017	4/19/2021	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.250%
CD	American Express BK FSB	5/10/2017	5/10/2021	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.200%
CD	Goldman Sachs Bank USA	12/20/2017	12/20/2022	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.500%
					\$12,515,365.50	\$ 12,492,000.00	\$ 12,492,000.00	12,368,957.87	1.867%

# Average Daily Flow by Month





## SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	1,154,788	0.403
Total Payroll	2,864,859	
Gross Indirect Costs	2,698,430	
Less: Member Contributions & Other Revenue	(375,000)	
Indirect Costs for Distribution	2,323,430	
Direct Labor	1,552,138	1.497
Indirect Costs	2,323,430	

<b>FY 2018-19 Labor multiplier - thru 04/30/19</b>	<b>1.900</b>
FY 2017-18 Labor multiplier	<u>1.990</u>
FY 2016-17 Labor multiplier	<u>1.901</u>
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>



## INDIRECT COSTS

*( to be Distributed )*

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 4/30/19</u>
51000	Salaries - Regular	\$ 1,312,721
52000	Benefits	\$ 432,579
60111	Tuition Reimbursement	\$ -
60112	Training	\$ (76)
60113	Education	\$ 710
60114	Other Training & Education	\$ 5,465
60120	Audit Fees	\$ 22,819
60121	Consulting	\$ 199,302
60126	Temporary Services	\$ 38,216
60128	Other Professional Services	\$ 700
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ 413
60133	Employment Recruitment	\$ -
60153	Materials & Supplies	\$ 39
60154	Safety	\$ 1,136
60155	Security	\$ 1,624
60156	Custodial Contract Services	\$ 13,856
60157	Landscaping Maintenance	\$ 10,188
60158	HVAC	\$ 10,379
60159	Facility Repair & Maintenance	\$ 28,610
60160	Telephone	\$ 13,044
60161	Cellular / Paging Services	\$ 9,349
60163	Electricity	\$ 17,668
60164	Water Services	\$ 6,341
60170	Equipment Expensed	\$ 4,916

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru 4/30/19</u>
60171	Equipment Rented	\$ 33,162
60172	Equipment Repair / Maintenance	\$ 1,575
60180	Computer Hardware	\$ 26,342
60181	Software / Updates / Licensing	\$ 104,124
60182	Internet Services	\$ 10,694
60183	Computer Supplies	\$ 4,193
60184	Computer Repair / Maintenance	\$ -
60190	Offsite Meeting / Travel Expense	\$ 1,398
60191	In House Meetings	\$ 1,169
60192	Conference Expense	\$ 11,091
60193	Car, Repair, Maint	\$ -
60200	Dues	\$ 31,237
60202	Subscriptions	\$ 2,120
60203	Contributions	\$ 17,000
60210	Bank Charges	\$ -
60211	Shipping / Postage	\$ 1,798
60212	Office Supplies	\$ 9,423
60213	Offsite Storage	\$ 4,780
60220	Commission Fees	\$ 24,971
60221	Commission Mileage Reimb.	\$ 3,696
60222	Other Commission Expense	\$ 1,066
60230	Other Expense	\$ 2,633
80000	Retiree Medical Expense	\$ 94,167
80001	Insurance Expense	\$ 46,124
80000	Building Repair/Replacement Reserve	\$ 83,333
13005	Fixed Assets	\$ 52,336

**Total Costs**      \$ 2,698,430

Direct Costs Paid by Projects	\$ 2,069,099
Member Contribution Offset	\$ 375,000
	\$ 2,444,099

Over allocation %	-10.9%
Over (Under) Allocation of General Fund Costs	\$ (254,330)





## BENEFITS SUMMARY

*(Distributed based on Actual Labor)*

<u>G/L Acct</u>	<u>Description</u>	<u>Budget</u>	<u>Actual @ 4/30/19</u>	<u>Projected FYE 2019</u>
70101	FICA Expense	191,217 \$	139,118 \$	166,942
70102	Medicare Expense	56,479 \$	39,680 \$	47,616
70103	State Unemployment Insurance	5,824 \$	3,877 \$	6,300
70104	Worker's Compensation Insurance	102,821 \$	40,400 \$	68,288
70105	State Disability Insurance	25,551 \$	20,378 \$	24,454
70106	PERS Pension Plan	730,279 \$	446,532 \$	535,838
70111	Medical Expense	459,036 \$	369,441 \$	443,329
70112	Dental Expense	32,630 \$	22,585 \$	27,102
70113	Vision Insurance	8,255 \$	5,939 \$	7,127
70114	Life Insurance Expense	16,014 \$	12,137 \$	14,564
70115	Long Term Disability	18,657 \$	13,682 \$	16,418
70116	Wellness Program Expense	3,500 \$	1,019 \$	1,223
70117	401a Profit Sharing - Employers Contribution	-	-	-
70120	Car Allowance	36,000 \$	40,000 \$	48,000
	<b>Total Benefits</b>	1,686,263	1,154,788	1,407,201
	<b>Total Payroll</b>	3,859,112 \$	2,864,859 \$	3,437,831
	<b>Benefits Rate</b>	43.7%	40.3%	40.9%

Santa Ana Watershed Project Authority  
Labor Hours Budget vs Actual  
Month Ending April 30, 2019

	Fund	Budget	Actual	%
100	General & Administrative	24,625	22,018	89.41%
130	Prop 84 Round 1 Administration	815	425	52.15%
135	Prop 84 Round 2 Administration	830	459	55.30%
140	Prop 84 2014 Drought Administration	600	682	113.67%
145	Prop 84 Final Round Administration	1,735	550	31.70%
240	Brine Line Enterprise	18,250	14,743	80.78%
320	Brine Line Protection	245	89	36.33%
326	Reach V Capital Repairs	795	93	11.67%
327	Reach IV-D Corrosion Repairs	1,475	114	7.71%
370-01	General Basin Planning	2,365	1,185	50.08%
370-02	USBR Partnership Studies	110	9	8.18%
372	Imported Water Recharge	60	0	0.42%
373	Watershed Management Plan	2,775	1,887	67.99%
374	Basin Monitoring Program	419	452	107.94%
381	SAR Fish Conservation	190	425	223.55%
384-01	Chino TMDL Facilitation	165	121	73.18%
386MONIT	Storm Water Quality Standards TF	130	107	81.92%
387	Arundo Removal & Habitat Restoration	173	67	38.58%
392	Emerging Constituents	54	101	187.50%
396	Forest First	20	-	0.00%
397	Water-Energy Grant Administration	464	222	47.79%
397EXPAN	Water-Energy WWWD Administration	-	72	100.00%
398ADMIN	DACI Grant	2,435	749	30.74%
477-02	LESJWA - Administration	330	293	88.64%
477TMDL	LESJWA - TMDL Task Force	720	578	80.24%
504-301A	Prop 84 2014 Drought Implementation	765	163	21.34%
504-301C	Prop 84 2014 Drought Implementation	485	784	161.65%
504-401I	Prop 84 Final Round Implementation	90	114	126.94%
504-401PA23	Prop 84 Final Round Implementation	475	108	22.79%
504-401WUEAMDIN	Prop 84 Final Round Implementation	195	-	0.00%
504-402RATES	Prop 84 Final Round Implementation	-	5	100.00%
504-402SMART	Prop 84 Final Round Implementation	290	55	18.97%
		62,080	46,667	75.17%

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

## COMMISSION MEMORANDUM NO. 2019.66

**DATE:** June 18, 2019  
**TO:** SAWPA Commission  
**SUBJECT:** Budget vs. Actual Variance Report  
FYE 2019 3rd Quarter – March 31, 2019  
**PREPARED BY:** Karen Williams, Chief Financial Officer

### RECOMMENDATION

It is recommended that the Commission receive and file the informational report on FYE 2019 Third Quarter Budget vs. Actual Variance Report.

### DISCUSSION

Staff has developed a Budget vs. Actual Variance Report and presents this report on a quarterly basis. Attached is the FYE 2019 Budget vs. Actual Variance Report through March 31, 2019. The Agency's net revenue was \$2,562,690, which was \$2,749,866 more favorable than budgeted. Several significant items comprise the majority of this favorable variance:

Operating Revenue was \$84,540 less than budgeted. This unfavorable variance is due to lower concentrations of BOD and TSS for the first quarter.

Operating Expense was \$8,517,049 less than budgeted. This favorable variance is due to a slow start for Proposition 1 and 84 projects and the delayed start of the OCSD Rock Removal Project and the Reach IV-D Corrosion Repair project.

Non-Operating Revenue/Expense was \$5,682,644 less than budgeted. This unfavorable variance is due to the slow start of the Proposition 1 and 84 projects and the delayed start of the OCSD Rock Removal Project and the Reach IV-D Corrosion Repair project.

#### Favorable Revenue Variances

Listed below are explanations of favorable variances of \$500,000 or more for individual revenue categories:

Other Income – The 761% variance of \$1,180,329 is due to having received \$1,075,000 in the settlement agreement from the Reach V Capital Repairs project.

#### Unfavorable Revenue Variances

Listed below are explanations of unfavorable variances of \$500,000 or more for individual revenue categories:

State Grant Proceeds – The 42% variance of \$1,508,969 is due to slower implementation of the Proposition 84 Drought and Proposition 1 DACI projects. Although the Drought program's components such as budget-based rates and turf removal are on track for an end date of June 2019, we have not received invoices from the agencies. The agencies are compiling their invoices into one final package in order to streamline the DWR review process. We should receive those invoices within the next few months. For the Proposition 1 DACI project, the work of identifying technical assistance needs has taken longer than anticipated.

SRF Loan Proceeds – The 100% variance of \$2,250,000 is due to the delay of the Reach IV-D Corrosion Project. After a condition assessment performed on Reach IV-D, the consultant has recommended that an additional field investigation be done in five years to characterize the rate of deterioration of the pipeline. Once the additional field work is performed the consultant will recommend any needed rehabilitation.

Use of Reserves – The 55% variance of \$3,156,486 is due to the delayed start of the Rock Removal project and Reach IV-D Corrosion Repair project which are funded by reserves.

### **Favorable Expense Variances**

Listed below are explanations of favorable variances of \$500,000 or more for individual expense categories:

Program Expenses – The 100% variance of \$1,532,155 is due to not having received invoices for the Drought projects as mentioned earlier, and the slower implementation of the Arundo removal, maintenance, and biological improvement project. A contract has been executed with SAWA to do the initial phase of this project. That work should take about a year and then implementation should begin after that.

Construction – The 99% variance of \$4,901,853 is due to the Rock Removal project and the Reach IV-D Corrosion Repair project. The Rock Removal project which is being done by Orange County Sanitation District will not begin construction until early next year. After a condition assessment performed on Reach IV-D, the consultant has recommended that an additional field investigation be done in five years to characterize the rate of deterioration of the pipeline. Once the additional field work is performed the consultant will recommend any needed rehabilitation.

### **Unfavorable Expense Variances**

There are no unfavorable expenses variance of \$500,000 or more.

### **RESOURCE IMPACTS**

None.

Attachment:

1. Variance Report

Santa Ana Watershed Project Authority  
 FYE 2019 Budget vs. Actual  
 for the Period Ending March 31, 2019

*Consolidated*

	FYE 2019 Budget	9-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Discharge Fees	\$11,090,587	\$8,317,940	\$8,233,401	-\$84,540	-1.02%
Total Operating Revenue	11,090,587	8,317,940	8,233,401	-84,540	-1.02%
<b>Operating Expenses</b>					
Labor	3,859,112	2,894,334	2,518,042	376,292	13.00%
Benefits	1,686,262	1,264,697	973,158	291,539	23.05%
Education & Training	67,800	50,850	6,284	44,566	87.64%
Consulting & Professional Services	4,198,961	3,149,221	2,740,082	409,138	12.99%
Operating Costs	3,295,050	2,471,288	2,262,055	209,232	8.47%
Repair & Maintenance	820,540	615,405	186,227	429,178	69.74%
Phone & Utilities	83,620	62,715	48,453	14,262	22.74%
Equipment & Computers	374,500	280,875	214,917	65,958	23.48%
Meeting & Travel	115,250	86,438	29,095	57,343	66.34%
Other Administrative Costs	331,287	248,465	146,895	101,570	40.88%
Other Expense	321,749	231,492	182,311	49,180	21.25%
Program Expenses	2,042,873	1,532,155	0	1,532,155	100.00%
Construction	6,550,000	4,912,500	10,647	4,901,853	99.78%
Operating Transfers	144,252	144,252	144,252	0	0.00%
Indirect Costs	0	0	-34,783	34,783	-100.00%
Total Operating Expenses	23,891,257	17,944,685	9,427,636	8,517,049	47.46%
Net Operating Revenue / (Deficit)	-12,800,670	-9,626,745	-1,194,235	-8,601,589	89.35%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	1,471,695	1,471,695	1,471,695	0	0.00%
Participant Fees	1,309,273	1,309,273	1,279,949	-29,324	-2.24%
Grant Proceeds	4,777,256	3,582,942	2,073,973	-1,508,969	-42.12%
SRF Loan Proceeds	3,000,000	2,250,000	0	-2,250,000	-100.00%
Mitigation Credit Sales	88,980	66,735	0	-66,735	-100.00%
Debt Service	-3,183,451	-3,183,451	-3,192,003	-8,552	0.27%
Interest & Investments	1,173,582	716,082	887,203	171,121	23.90%
Other Income	206,674	155,006	1,335,335	1,180,329	761.48%
Contributions to Reserves	-3,692,144	-2,822,358	-2,836,386	-14,028	-0.50%
Operating Transfers	144,252	144,252	144,252	0	0.00%
Use of Reserves	6,995,901	5,749,393	2,592,907	-3,156,486	54.90%
Net Non-Operating Revenue / (Deficit)	12,292,018	9,439,569	3,756,925	-5,682,644	-60.20%
Net Revenue / (Deficit)	-\$508,652	-\$187,177	\$2,562,690	\$2,749,866	

Santa Ana Watershed Project Authority  
 FYE 2019 Budget vs. Actual  
 for the Period Ending March 31, 2019  
*General Fund*

	FYE 2019 Budget	9-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
<b>Operating Expenses</b>					
Labor	1,646,142	1,234,607	1,200,089	34,517	2.80%
Benefits	719,291	539,468	397,212	142,256	26.37%
Education & Training	57,300	42,975	6,099	36,876	85.81%
Consulting & Professional Services	249,400	187,050	247,116	-60,066	-32.11%
Operating Costs	6,090	4,568	2,448	2,120	46.41%
Repair & Maintenance	105,540	79,155	46,551	32,604	41.19%
Phone & Utilities	73,620	55,215	42,181	13,034	23.61%
Equipment & Computers	232,900	174,675	174,613	62	0.04%
Meeting & Travel	77,500	58,125	13,652	44,473	76.51%
Other Administrative Costs	226,777	170,083	92,032	78,051	45.89%
Other Expense	164,703	113,707	54,061	59,646	52.46%
Indirect Costs	-3,121,569	-2,341,177	-1,894,414	-446,763	19.08%
Total Operating Expenses	437,695	318,451	381,641	-63,190	-19.84%
Net Operating Revenue / (Deficit)	-437,695	-318,451	-381,641	63,190	-19.84%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	650,695	650,695	650,695	0	0.00%
Interest & Investments	0	0	60,670	60,670	100.00%
Other Income	0	0	1,125	1,125	100.00%
Building Reserve	-100,000	-100,000	-100,000	0	0.00%
Retiree Medical Reserve	-113,000	-113,000	-127,028	-14,028	12.41%
Net Non-Operating Revenue / (Deficit)	437,695	437,695	485,462	47,767	10.91%
Net Revenue / (Deficit)	\$0	\$119,245	\$103,821	-\$15,423	

Santa Ana Watershed Project Authority  
 FYE 2019 Budget vs. Actual  
 for the Period Ending March 31, 2019  
*Brine Line Enterprise Fund*

	FYE 2019 Budget	9-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Discharge Fees	\$11,090,587	\$8,317,940	\$8,233,401	-\$84,540	-1.02%
Total Operating Revenue	11,090,587	8,317,940	8,233,401	-84,540	-1.02%
<b>Operating Expenses</b>					
Labor	1,033,117	774,838	750,480	24,358	3.14%
Benefits	451,427	338,570	327,960	10,611	3.13%
Education & Training	10,500	7,875	185	7,690	97.65%
Consulting & Professional Services	290,000	217,500	102,830	114,670	52.72%
Operating Costs	3,278,960	2,459,220	2,258,748	200,472	8.15%
Repair & Maintenance	715,000	536,250	139,676	396,574	73.95%
Phone & Utilities	10,000	7,500	6,272	1,228	16.37%
Equipment & Computers	137,500	103,125	40,304	62,821	60.92%
Meeting & Travel	8,500	6,375	1,258	5,117	80.26%
Other Administrative Costs	62,100	46,575	31,157	15,418	33.10%
Other Expense	157,046	117,785	119,328	-1,544	-1.31%
Indirect Costs	1,457,293	1,092,970	1,058,927	34,043	3.11%
Total Operating Expenses	7,611,443	5,708,582	4,837,124	871,458	15.27%
Net Operating Revenue / (Deficit)	3,479,144	2,609,358	3,396,277	-786,919	-30.16%
<b>Non-Operating Revenue (Expense)</b>					
Interest & Investments	1,173,582	716,082	783,915	67,833	9.47%
Other Income	0	0	1,190,620	1,190,620	100.00%
Debt Service	-3,183,451	-3,183,451	-3,192,003	-8,552	0.27%
Use of Reserves	2,009,869	2,009,869	2,009,869	0	0.00%
Contributions to Reserves	-3,479,144	-2,609,358	-2,609,358	0	0.00%
Net Non-Operating Revenue / (Deficit)	-3,479,144	-3,066,858	-1,816,957	1,249,901	-40.76%
Net Revenue / (Deficit)	\$0	-\$457,500	\$1,579,319	\$2,036,819	

Santa Ana Watershed Project Authority  
 FYE 2019 Budget vs. Actual  
 for the Period Ending March 31, 2019  
 OWOW Fund

	FYE 2019 Budget	9-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
<b>Operating Expenses</b>					
Labor	838,558	628,919	428,069	200,849	31.94%
Benefits	366,413	274,810	187,066	87,744	31.93%
Consulting & Professional Services	2,050,850	1,538,138	1,479,421	58,717	3.82%
Equipment & Computers	4,100	3,075	0	3,075	100.00%
Meeting & Travel	25,800	19,350	13,392	5,958	30.79%
Other Administrative Costs	18,660	13,995	12,901	1,094	7.82%
Other Expense	0	0	8,922	-8,922	-100.00%
Program Expenses	1,892,873	1,419,655	0	1,419,655	100.00%
Indirect Costs	1,182,852	887,139	604,006	283,133	31.92%
Total Operating Expenses	6,380,106	4,785,080	2,733,776	2,051,303	42.87%
Net Operating Revenue / (Deficit)	-6,380,106	-4,785,080	-2,733,776	-2,051,303	42.87%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	801,000	801,000	801,000	0	0.00%
Participant Fees	437,722	437,722	449,353	11,631	2.66%
Grant Proceeds	4,777,256	3,582,942	2,073,973	-1,508,969	-42.12%
Interest & Investments	0	0	12,942	12,942	100.00%
Net Non-Operating Revenue / (Deficit)	6,015,977	4,821,664	3,337,268	-1,484,396	-30.79%
Net Revenue / (Deficit)	-\$364,129	\$36,585	\$603,491	\$566,907	
Project Reimbursement (Prop 84 Capital)	\$12,787,335	\$9,590,501	\$1,038,202	\$8,552,300	



Santa Ana Watershed Project Authority  
 FYE 2019 Budget vs. Actual  
 for the Period Ending March 31, 2019  
*Roundtable Fund*

	FYE 2019 Budget	9-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
<b>Operating Expenses</b>					
Labor	154,104	115,578	117,035	-1,457	-1.26%
Benefits	67,337	50,503	51,145	-642	-1.27%
Consulting & Professional Services	731,211	548,408	392,031	156,377	28.51%
Operating Costs	0	0	219	-219	-100.00%
Meeting & Travel	1,450	1,088	785	303	27.83%
Other Administrative Costs	10,250	7,688	10,806	-3,118	-40.57%
Construction	0	0	10,647	-10,647	-100.00%
Program Expenses	150,000	112,500	0	112,500	100.00%
Operating Transfer	144,252	144,252	144,252	0	0.00%
Indirect Costs	217,376	163,032	165,137	-2,105	-1.29%
Total Operating Expenses	1,475,981	1,143,048	892,056	250,992	21.96%
Net Operating Revenue / (Deficit)	-1,475,981	-1,143,048	-892,056	-250,992	21.96%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	20,000	20,000	20,000	0	0.00%
Participant Fees	871,551	871,551	830,596	-40,955	-4.70%
Mitigation Credit Sales	88,980	66,735	0	-66,735	-100.00%
Other Income	206,674	155,006	143,590	-11,416	-7.36%
Operating Transfer	144,252	144,252	144,252	0	0.00%
Interest & Investments	0	0	29,676	29,676	100.00%
Net Non-Operating Revenue / (Deficit)	1,331,457	1,257,544	1,168,114	-89,429	-7.11%
Net Revenue / (Deficit)	-\$144,524	\$114,496	\$276,058	\$161,562	

Santa Ana Watershed Project Authority  
 FYE 2019 Budget vs. Actual  
 for the Period Ending March 31, 2019  
*Capital Fund*

	FYE 2019 Budget	9-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Total Operating Revenue	\$0	\$0	\$0	\$0	0.00%
<b>Operating Expenses</b>					
Labor	187,191	140,393	22,368	118,025	84.07%
Benefits	81,794	61,346	9,775	51,571	84.07%
Consulting & Professional Services	877,500	658,125	518,685	139,440	21.19%
Operating Costs	10,000	7,500	641	6,859	91.45%
Meeting & Travel	2,000	1,500	7	1,493	99.53%
Other Administrative Costs	13,500	10,125	0	10,125	100.00%
Construction	6,550,000	4,912,500	0	4,912,500	100.00%
Indirect Costs	264,047	198,035	31,562	166,473	84.06%
Total Operating Expenses	7,986,032	5,989,524	583,038	5,406,486	90.27%
Net Operating Revenue / (Deficit)	-7,986,032	-5,989,524	-583,038	-5,406,486	90.27%
<b>Non-Operating Revenue (Expense)</b>					
SRF Loan Proceeds	3,000,000	2,250,000	0	2,250,000	100.00%
Use of Reserves	4,986,032	3,739,524	583,038	3,156,486	84.41%
Net Non-Operating Revenue / (Deficit)	7,986,032	5,989,524	583,038	5,406,486	90.27%
Net Revenue / (Deficit)	\$0	\$0	\$0	\$0	



**Santa Ana Watershed  
Project Authority**

**Financial Report for the Inland Empire Brine Line  
Enterprise/CIP for the 3rd Quarter Ending  
March 31, 2019**

1

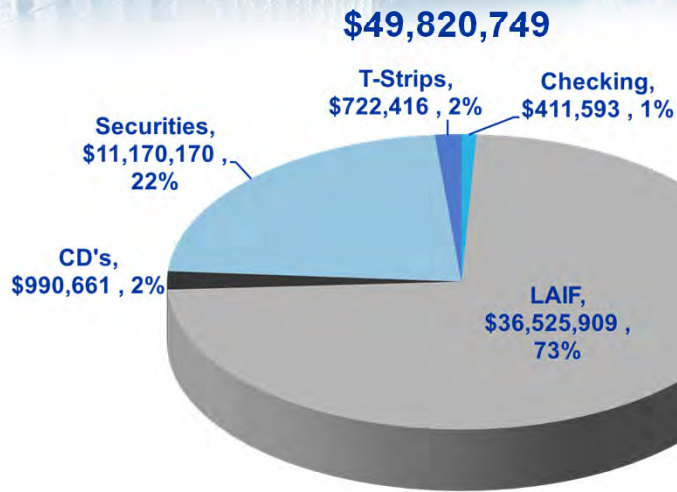
**Agenda**

- **Cash & Investments**
- **Reserve Account Balances**
- **Transfer, Uses & Contributions from/to Reserves**
- **Enterprise Revenues**
- **Enterprise Expenses**
- **Enterprise Performance**
- **Capital Improvement Program**

2



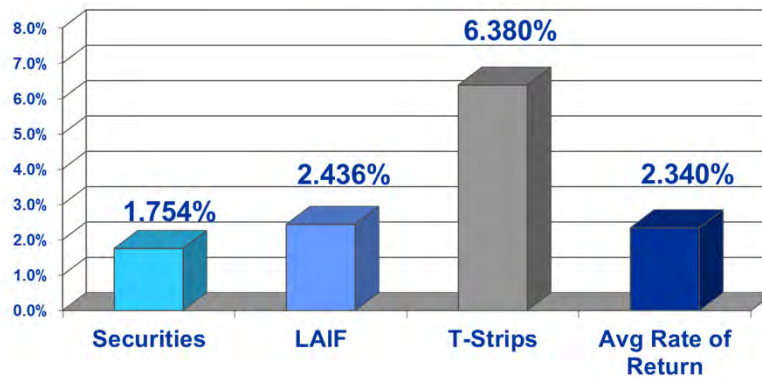
## Cash & Investments



3

## Cash & Investments

### Interest Rate Analysis



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## Reserve Account Balances

Reserve Account	Balance
Self Insurance	\$4,123,066
Debt Retirement	4,254,145
Pipeline Replacement	20,567,851
OCSD Rehabilitation	3,612,870
Capacity Management	11,569,724
OCSD Future Capacity	1,771,363
Flow Imbalance Reserve	85,613
Operating Reserve	3,836,117
<b>Total Reserves</b>	<b>\$49,820,749</b>

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## Reserve Account Balances Trends

Reserve	Balance @ 06/30/18	Balance @ 09/30/18	Balance @ 12/31/18	Balance @ 03/31/19
Self Insurance	\$3,988,170	\$4,031,392	\$4,074,343	\$4,123,066
Debt Retirement	5,879,668	4,888,429	4,424,871	4,254,145
Pipeline Replacement	11,309,285	16,287,515	20,125,979	20,567,851
OCSD Rehabilitation	3,559,605	3,575,919	3,591,892	3,612,870
Capacity Mgmt	11,352,490	11,451,577	11,502,545	11,569,724
OCSD Future Capacity	1,745,247	1,753,246	1,761,077	1,771,363
Flow Imbalance Reserve	93,670	94,097	85,103	85,613
Operating Reserve	2,585,699	3,242,249	3,133,547	3,836,117
<b>Total</b>	<b>\$40,513,834</b>	<b>\$45,324,424</b>	<b>\$48,699,357</b>	<b>\$49,820,749</b>

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## Transfers, Use and Contributions To/From Reserves

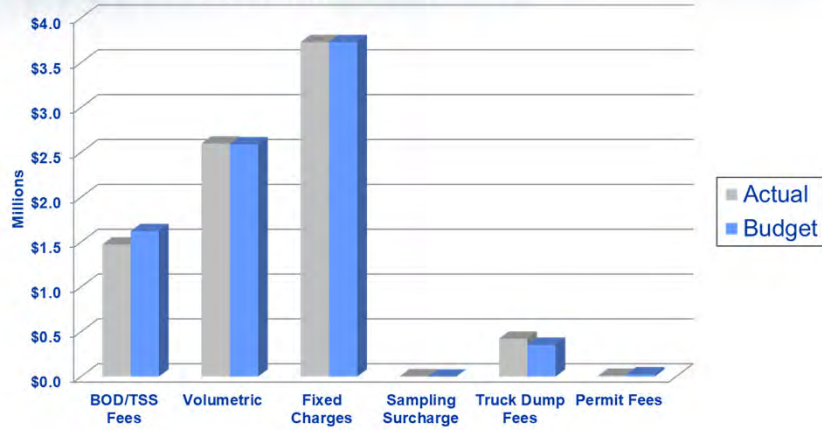
- **Pipeline Replacement Reserve**
  - Contribution of \$1,125,000
  - Contribution of \$1,075,000 Reach V Settlement Agreement
- **Self Insurance Reserve**
  - Contribution of \$75,000
- **Debt Service Reserve**
  - Contribution of \$1,409,358
- **Flow Imbalance Reserve**
  - Use of \$9,415 meter error/Bonview

## Total Operating Revenues

Source	Actual	Budget	Variance Positive/(Negative)
BOD/TSS Fees	\$1,472,140	\$1,621,020	(\$148,880)
Volumetric Fees	2,598,619	2,589,675	8,944
Fixed Charges	3,728,683	3,728,683	0
Sampling Surcharge	2,822	0	2,822
Truck Discharge	422,238	354,375	67,863
Permit Fees	8,900	24,188	(15,288)
<b>Total Operating Revenues</b>	<b>\$8,233,401</b>	<b>\$8,317,940</b>	<b>(\$84,539)</b>

## Operating Revenues vs. Budget

Budget vs. Actual



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## Total Operating Expenses

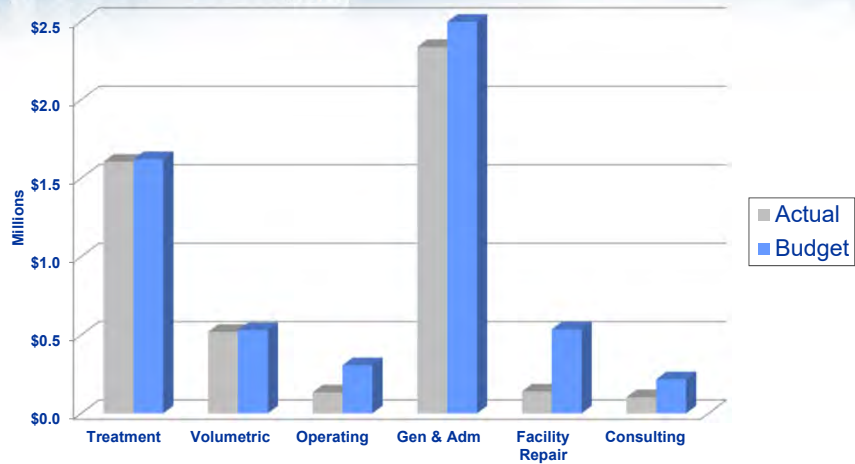
Source	Actual	Budget	Variance Positive/(Negative)
Treatment Costs	(\$1,605,281)	(\$1,621,020)	\$15,739
Volumetric Costs	(519,699)	(531,075)	11,376
Operating Costs	(133,768)	(307,125)	173,357
General & Administration	(2,335,871)	(2,495,613)	159,742
Facility Repair & Maintenance	(139,676)	(536,250)	396,574
Consulting & Prof. Services	(102,830)	(217,500)	114,670
<b>Total Operating Expenses</b>	<b>(\$4,837,125)</b>	<b>(\$5,708,582)</b>	<b>\$871,458</b>

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## Operating Expenses vs. Budget

Budget vs. Actual



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## Non Operating Revenues and Expenses

Source	Actual	Budget	Variance Positive/(Negative)
Use of Reserves (Debt Service)	\$2,009,869	\$2,009,869	\$0
Interest & Investments	783,915	716,082	67,833
Other Income	1,190,620	0	1,190,620
Debt Service Payments	(3,192,003)	(3,183,451)	(8,552)
Contributions to Reserves	(2,609,358)	(2,609,358)	0
<b>Total Non Operating</b>	<b>(\$1,816,957)</b>	<b>(\$3,066,858)</b>	<b>\$1,249,901</b>

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## Enterprise Performance

### Flow, BOD, TSS Actual vs. OCSD Billing

	SAWPA Billed	OCSD Billing	Difference
Total Flow (MG)	2,765.299	2,779.140	(13.841)
Total BOD (1,000 lbs)	1,023.273	1,024.986	(1.713)
Total TSS (1,000 lbs)	3,298.234	3,202.829	95.405
BOD cost per 1,000 lbs	\$307.00	\$285.00	\$22.00
TSS cost per 1,000 lbs	\$429.00	\$410.00	\$19.00

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## Enterprise Performance

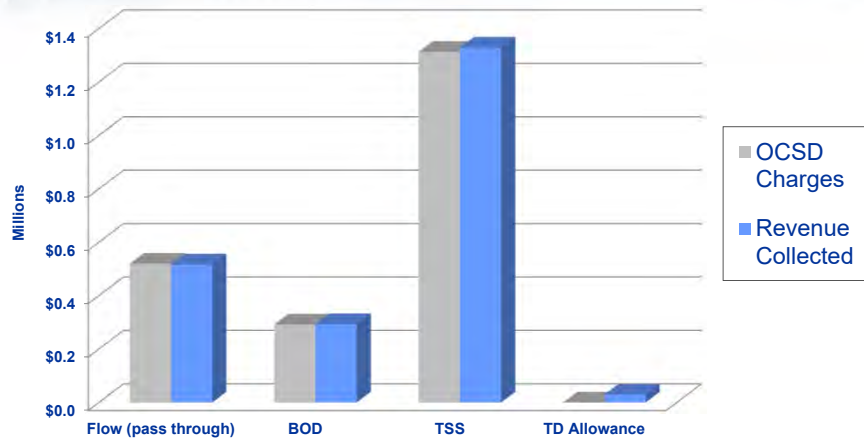
### OCSD Flow, BOD & TSS Charges vs. Revenue Billed

	Revenue Billed	OCSD Charges	Difference
Flow (pass through)	\$517,111	\$519,670	(\$2,559)
BOD	293,792	292,122	1,670
TSS	1,328,891	1,313,141	15,750
TD Allowance	29,584	0	29,584
<b>Total</b>	<b>\$2,169,378</b>	<b>\$2,124,933</b>	<b>\$44,445</b>

14

## Enterprise Performance

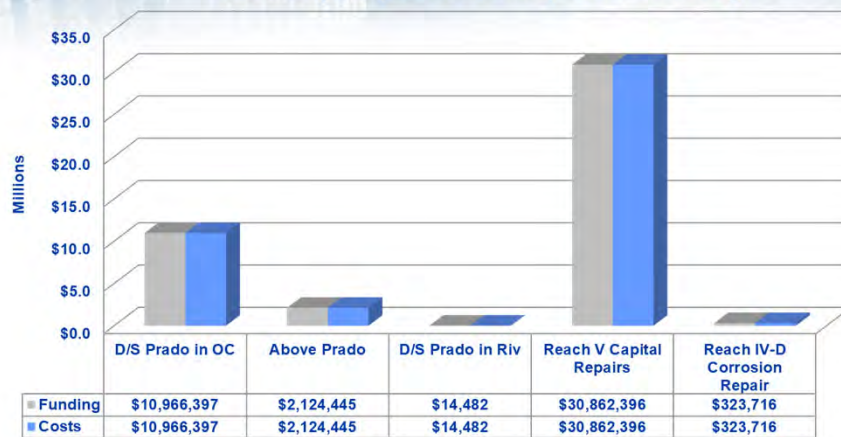
### OCSD Flow, BOD & TSS Charges vs. Revenue Collected



15

## Capital Project Fund

### Costs (Project to Date) vs. Funding



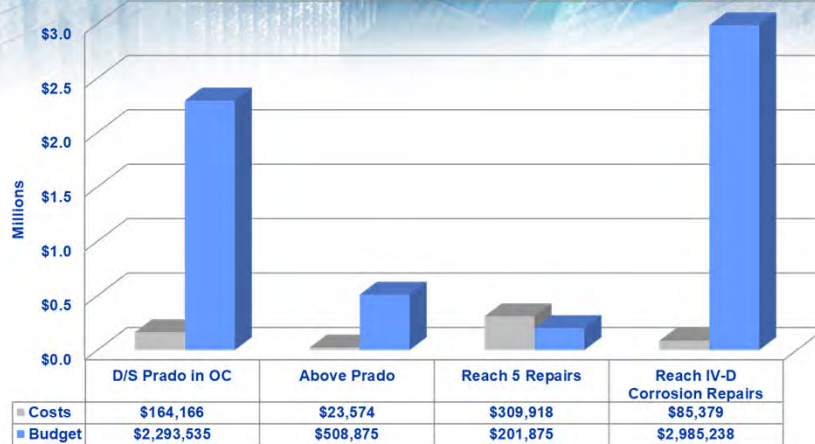
Funding = Reserves and SRF Loans

16



## Capital Project Fund

### Costs vs. Budget



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## Capital Project Fund (320)

### Brine Line Protection / Relocation Projects

- **D/S Prado in OC** – emergency protection work, pipeline relocation
- **Above Prado** - pipeline relocation and manhole lid adjustments – when required
- **D/S Prado in Riv County** – bank armoring

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**Santa Ana Watershed  
Project Authority**

**Financial Report for the 3rd Quarter  
Ending March 31, 2019**

1

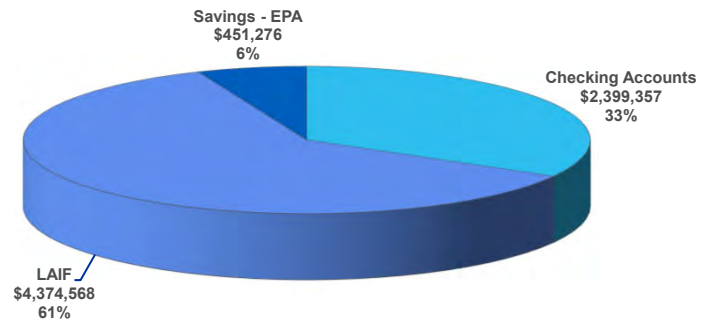
**Agenda**

- Cash & Investments
- Fund Overview
- General Fund
- OWOW Funds
- Roundtable Funds

2

## Cash & Investments

**\$7,225,201**



3

## Cash & Investments

### Total by Fund

General Fund	\$3,276,461
OWOW Fund	1,477,900
Roundtable Fund	2,019,564
Fiduciary Fund	451,276
<b>Total</b>	<b>\$7,225,201</b>

4



## Cash & Investments

### General Funds

Fund	Checking (Cash)	LAIF Account	Total
General Fund	\$2,399,357	\$0	\$2,399,357
Building Reserve	0	877,104	877,104
<b>Total</b>	<b>\$2,399,357</b>	<b>\$877,104</b>	<b>\$3,276,461</b>

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## Cash & Investments

### OWOW Funds

Fund	LAIF Account
General Basin Planning	\$227,651
USBR Partnership Studies	52,506
Watershed Mgmt Plan	292,359
Water – Energy DAC Grant	214,043
Prop 84 SARCCUP Projects	691,341
<b>Total</b>	<b>\$1,477,900</b>

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## Cash & Investments

### Roundtable Funds

Fund	LAIF Account
Basin Monitoring	\$395,645
RWQ Monitoring TF	315,904
SAR Fish Conservation	125,954
Middle SAR TMDL TF	147,643
Emerging Constituents TF	87,018
Mitigation Banking	947,400
<b>Total</b>	<b>\$2,019,564</b>

## Cash & Investments

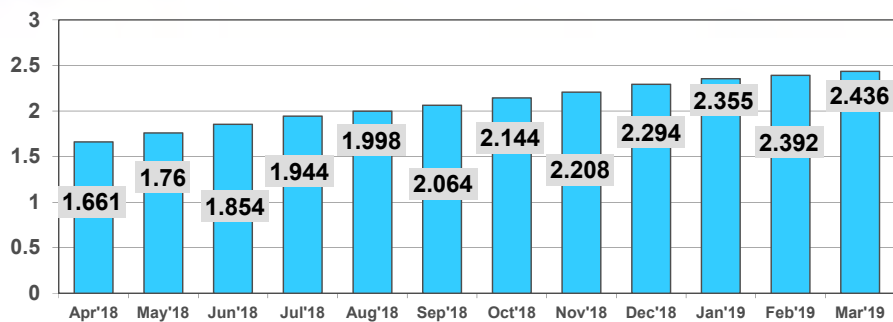
### Fiduciary Funds

Fund	Savings EPA
Legal Defense Fund	\$451,276
<b>Total</b>	<b>\$451,276</b>



## Cash & Investments

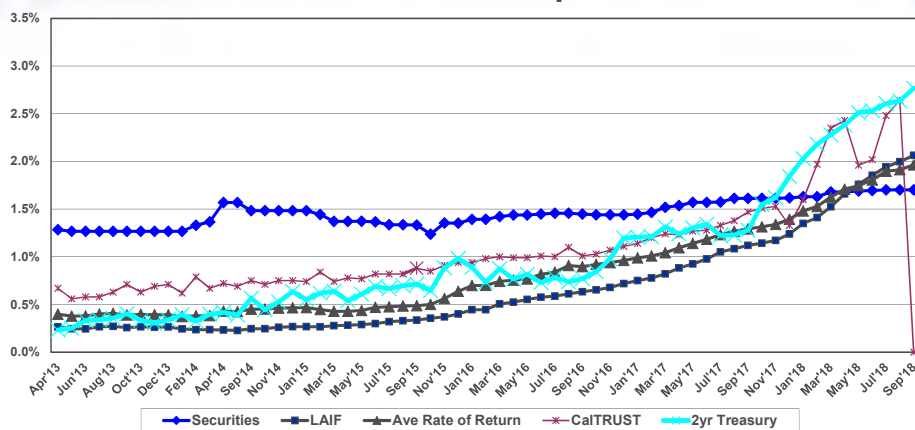
### LAIF Interest Rates



9

## Cash & Investments

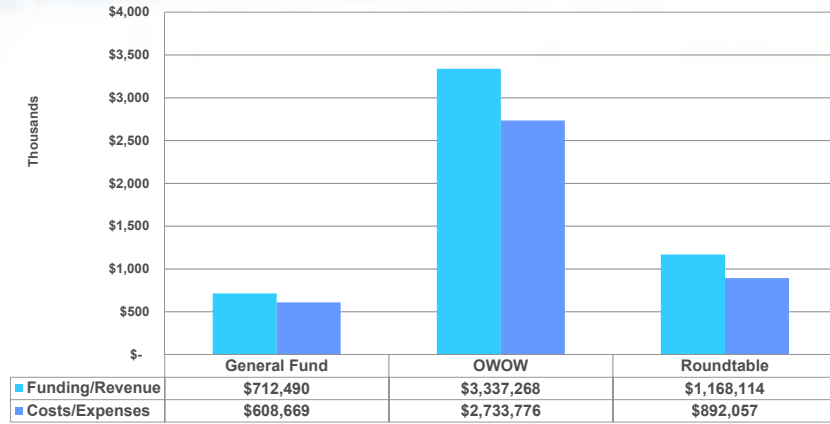
### Interest Rate Comparison



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## Analysis by Fund Type

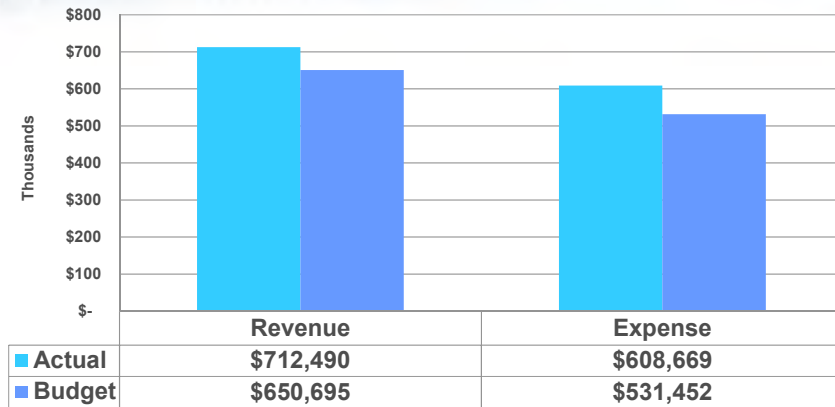
### Revenues and Expenses



11

## General Fund

### Budget vs. Actual

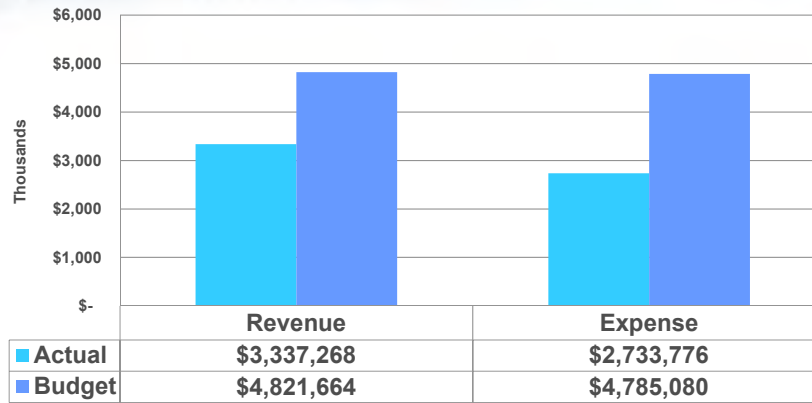


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## OWOW Funds

### Budget vs. Actual

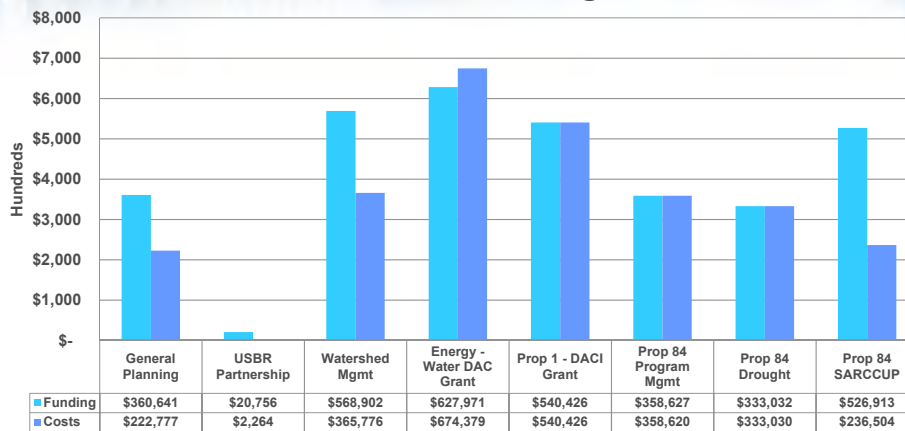


Project Reimbursement (Prop 84) \$1,038,202

13

## OWOW Funds

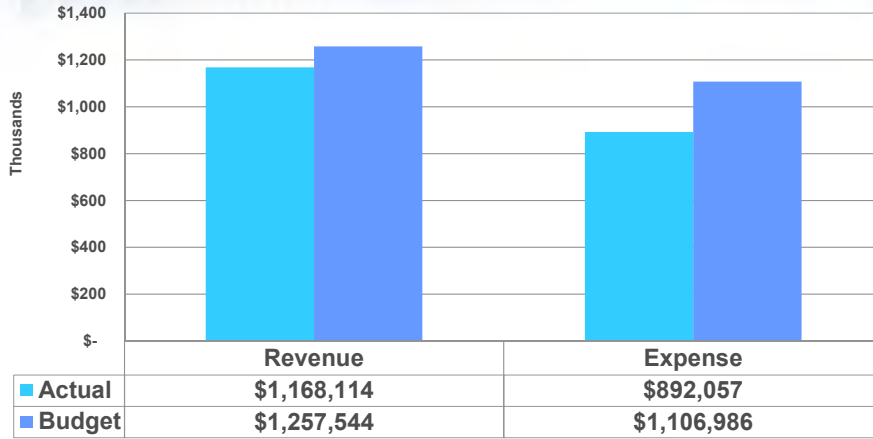
### Costs vs. Funding



14

## Roundtable Funds

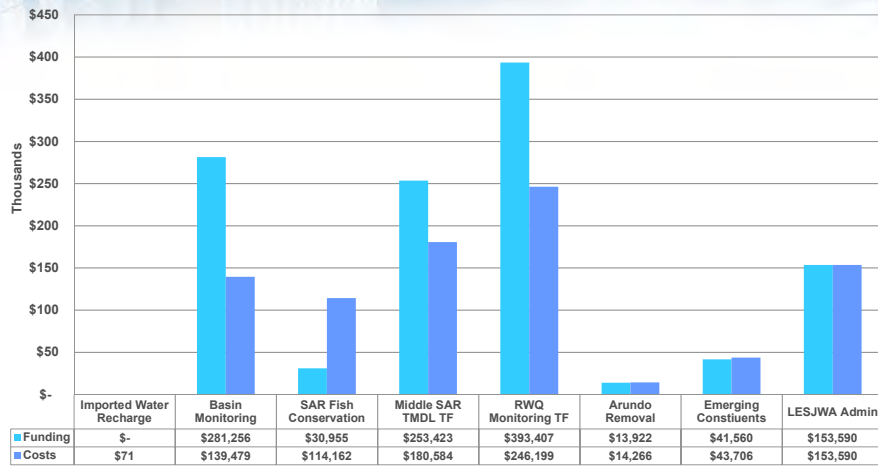
### Budget vs. Actual



15

## Roundtable Funds

### Costs vs. Funding



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Santa Ana Watershed Project Authority  
 General Manager - Expense Report  
 3rd Quarter FYE 2019

Staff	Haller
-------	--------

Sum of Amount		Expn Type			
Posting Date	Activity	Meals	Parking	Registration	Grand Total
01/31/2019	Lunch with OCSD - Miguel's	41.29			41.29
<b>01/31/2019 Total</b>		<b>41.29</b>			<b>41.29</b>
02/28/2019	IEUA Leadership breakfast	20.00			20.00
	MWDOC Water Policy Forum			90.00	90.00
	Senator Roth meeting		2.00		2.00
<b>02/28/2019 Total</b>		<b>20.00</b>	<b>2.00</b>	<b>90.00</b>	<b>112.00</b>
<b>Grand Total</b>		<b>61.29</b>	<b>2.00</b>	<b>90.00</b>	<b>153.29</b>



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Santa Ana Watershed Project Authority

Staff - Expense Report

3rd Quarter FYE 2019

Sum of Amount			Expn Type								
Staff	Posting Date	Activity	Airfare	Hotel	Meals	Mileage	Misc	Parking	Registration	Grand Total	
Achimore	01/31/2019	SCAG aerial imagery meeting					24.07			24.07	
	02/28/2019	Cal State San Bernardino Workshop					30.62			30.62	
		DWR meeting in scaramento - Lunch			10.00						10.00
		DWR Urban landscaping meeting - Southwest SA Sucker Habitat visit	159.96				10.21				159.96
	03/31/2019	Aerial Imager Workshop - John Wayne Airport							20.00		20.00
CA Water Efficiency Conference - Amtrak							39.80			39.80	
<b>Achimore Total</b>			<b>159.96</b>		<b>10.00</b>	<b>64.90</b>	<b>39.80</b>	<b>20.00</b>		<b>294.66</b>	
Antos	01/31/2019	DCI Meetings				70.53				70.53	
		Lunch meeting with Susan Longville				12.06				12.06	
		Lunch with LGC Staff - Flamingo Palms			45.97						45.97
	02/28/2019	Meeting with OCWD and OC Public Works				9.86					9.86
		Meeting with Riverside City Manager - RPS							2.60		2.60
03/31/2019	Meeting with Riverside City Manager - Simple Simon			37.52						37.52	
	Meeting with Susan Longville - RPS							3.35		3.35	
<b>Antos Total</b>					<b>83.49</b>	<b>92.45</b>		<b>5.95</b>		<b>181.89</b>	
Berry	02/28/2019	ACWA conference (Rich)							725.00	725.00	
<b>Berry Total</b>									<b>725.00</b>	<b>725.00</b>	
Blancas	01/31/2019	Basin Scoping Meeting - Jimmy Johns			68.42					68.42	
		OWOW Steeting committee lunch - EZ Cater			367.45					367.45	
	02/28/2019	AWQ Consultant Committee - Jimmy Johns			117.88					117.88	
		Budget meeting with agency CFO's - EZ Cater			303.64					303.64	
		OWOW Let's connect workshop - EZ Cater			222.95					222.95	
		PA23 meeting goods - Ralphs						35.95		35.95	
	03/31/2019	Watershed Manager Interviews - Jimmy Johns			58.60					58.60	
Watershed Manager Interviews - Panera				46.61					46.61		
03/31/2019	Commission Meeting Goods - Ralphs						32.98			32.98	
	OWOW Conference					32.71				32.71	
<b>Blancas Total</b>					<b>1,185.55</b>	<b>32.71</b>	<b>68.93</b>			<b>1,287.19</b>	
Jauregui	03/31/2019	CSMFO Chapter Meeting							30.00	30.00	
		OWOW Conference				33.64		8.00		41.64	
<b>Jauregui Total</b>						<b>33.64</b>	<b>8.00</b>	<b>30.00</b>		<b>71.64</b>	
Lewis	01/31/2019	CSMFO Chapter Meeting				12.24			30.00	42.24	
		CSMFO Conference				74.47				74.47	
		CSMFO Conference						18.00		18.00	
		CSMFO Conference - Hilton		222.18	15.68					237.86	
		Staples trip for 1099 forms				10.38				10.38	
	03/31/2019	CSMFO Chapter Meeting							30.00	30.00	
		OWOW Conference				6.38		8.00		14.38	

<b>Lewis Total</b>			<b>222.18</b>	<b>15.68</b>	<b>103.47</b>	<b>26.00</b>	<b>60.00</b>	<b>427.33</b>		
Norton	02/28/2019	Exit Lunch with Mike Antos - Wickes		32.17				32.17		
	03/31/2019	DCI Meeting - RPS				1.00		1.00		
		Multi State Salinity Conference - Tuscany Suites	78.23					78.23		
<b>Norton Total</b>			<b>78.23</b>	<b>32.17</b>		<b>1.00</b>		<b>111.40</b>		
Oldenburg	03/31/2019	OWOW Conference			32.25	29.40	8.00	69.65		
<b>Oldenburg Total</b>					<b>32.25</b>	<b>29.40</b>	<b>8.00</b>	<b>69.65</b>		
Patterson	01/31/2019	Pick up goods for employee events		8.76				8.76		
	02/28/2019	Commission meeting goods - Stater Bros				33.35		33.35		
	03/31/2019	OWOW Conference			31.90		8.00	39.90		
			Pick up good for OWOW event		3.48			3.48		
<b>Patterson Total</b>				<b>44.14</b>	<b>33.35</b>	<b>8.00</b>		<b>85.49</b>		
Quintero	01/31/2019	Multi State Salinity Conference					275.00	275.00		
		Multi State Salinity Conference - Southwest	141.96					141.96		
		Multi State Salinity Conference - Tuscany Suites		78.23				78.23		
	03/31/2019	Multi State Salinity Conference				36.00		36.00		
<b>Quintero Total</b>			<b>141.96</b>	<b>78.23</b>		<b>36.00</b>	<b>275.00</b>	<b>531.19</b>		
Ruhl	01/31/2019	Meeting with Yucaipa Valley Water - Corky's		55.49				55.49		
	03/31/2019	Prop84 Site Visits Lunch - Emilios		17.06				17.06		
<b>Ruhl Total</b>				<b>72.55</b>				<b>72.55</b>		
San Juan	03/31/2019	OWOW Conference			28.54		8.00	36.54		
<b>San Juan Total</b>					<b>28.54</b>	<b>8.00</b>		<b>36.54</b>		
Unger	03/31/2019	Meeting with Doug Mende - Thai Noodle House		20.29				20.29		
<b>Unger Total</b>				<b>20.29</b>				<b>20.29</b>		
Villa	01/31/2019	Commission Meeting Goods - Ralphs				40.04		40.04		
		DCI Team Meeting lunch - EZ Cater		384.40				384.40		
		GM meeting goods - Ralphs				25.97		25.97		
	02/28/2019	DCI Fellow Lunch Meeting - Domino's		41.11					41.11	
		File notice of exemption for OWOW Plan			32.48				32.48	
		GM meeting goods - Ralphs			1.16	38.07			39.23	
		LESJWA Board Meeting			14.50				14.50	
	03/31/2019	Basin Monitoring Consultant Review - Jimmy Johns		68.42					68.42	
		Commission Meeting Goods - Ralphs				57.61			57.61	
GM and Commission meeting goods - Ralphs				4.64				4.64		
		GM meeting goods - Ralphs				28.56		28.56		
<b>Villa Total</b>				<b>493.93</b>	<b>52.78</b>	<b>190.25</b>		<b>736.96</b>		
Whetsel	02/28/2019	B-TAC meeting			21.92			21.92		
		MSAR TMDL Task Force meeting			14.85			14.85		
<b>Whetsel Total</b>					<b>36.77</b>			<b>36.77</b>		
Williams	01/31/2019	CMTA Conference					415.00	415.00		
		CSMFO Conference - Blaze Pizza, Kaiser, Renaissance		96.94				96.94		
		CSMFO Conference - Hilton	444.36					444.36		
		CSMFO Conference follow-up ideas - El Torito		36.59				36.59		
	02/28/2019	Budget workshop snacks		14.98				14.98		
	03/31/2019	CGFM Quarterly Meeting	222.96					222.96		
		CSMFO Chapter Meeting				30.00	30.00			
<b>Williams Total</b>			<b>222.96</b>	<b>444.36</b>	<b>148.51</b>		<b>445.00</b>	<b>1,260.83</b>		
<b>Grand Total</b>			<b>524.88</b>	<b>823.00</b>	<b>2,062.17</b>	<b>521.65</b>	<b>361.73</b>	<b>120.95</b>	<b>1,535.00</b>	<b>5,949.38</b>



# General Manager's Report

June 2019

Santa Ana Watershed Project Authority | 11615 Sterling Avenue, Riverside, CA 92503 | [www.sawpa.org](http://www.sawpa.org)

## INSIDE THE JUNE REPORT

- 1 SARI Rock Removal Project
- 2 Reach 4D Pipeline Corrosion Inspection
- 3 Invitation to Bid - SAWPA Renovations Project
- 4 Containment Berms Around AirVacs
- 5 Retirement News - Regina L. Patterson

## SARI Rock Removal Project

The contractor, Griffith Company, has completed set up of their construction yard for the project. The contractor has delayed start of the project due to the numerous rain days and more recently work is now delayed due to the presence and nesting activity of **Least Bell's Vireo**. Work can resume on September 16, 2019 or sooner if the work areas are cleared by **OCSA's biologist in coordination with the U.S. Army Corps biologist**.

## Reach 4D Pipeline Corrosion Inspection

A partial shutdown of a portion of the Reach 4D brine line was conducted on May 12<sup>th</sup> and 13<sup>th</sup>. The purpose of the shutdown was to allow pipeline cleaning and inspection of a portion of the Reach 4D pipeline. The work is based on the investigation and findings included in the Reach 4D Rehabilitation Work Plan presented to the Commission in October 2018. **SAWPA's consultant, Woodard & Curran, is evaluating the data collected during the shutdown.** A report detailing the findings is anticipated by the end of June. The report and findings from the work will be presented to the Commission at a future meeting.

## Invitation to Bid – SAWPA Renovations Project

On June 5, 2019, SAWPA published an invitation to bid for the SAWPA Building Renovations Project. Sealed bids are due on June 17, 2019 at 1 pm.

The Work includes the renovation of two restrooms, including removal of existing wallpaper, painting, replacing floor tile, resetting the partitions, replacement of vanity counters, plumbing fixtures, and in one of the restrooms converting an existing shower into a restroom stall and installing a waterless urinal.



For more information visit: <https://sawpa.org/requests-for-proposals/invitation-to-bid-building-improvements/>



## Containment Berms Around AirVacs

Operations Staff has continued to construct containment berms around existing Air Release and Vacuum Valves (AirVacs). A standard 6-ft x 4-ft x 6-inch containment structure can hold approximately 100 gallons of brine. The purpose of containment is to keep small volumes of brine that may leak as part of the operation of the AirVac and prevent a Sewer System Overflow (SSO). Any brine in the containment area is removed using the SAWPA potholing/vacuum truck. So far, a total of 9 containment structures have been constructed.



## Retirement News - Regina L. Patterson

After 27+ years of dedicated public service at SAWPA, Regina L. Patterson is setting her sights on a well-deserved retirement. She **has been an integral part of SAWPA's Inland Empire Brine Line, One Water One Watershed Program, and many of SAWPA'S Task Forces.** Her last working day was Friday, June 7, 2019, where a Celebration of Retirement event took place in her honor.

SAWPA expresses its sincere gratitude for her contributions toward the betterment of the Santa Ana River Watershed.







**June 10, 2019**

**To:** Santa Ana Watershed Project Authority

**From:** Michael Boccadoro  
Beth Olhasso  
Maddie Munson

**RE:** May Report

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Overview:

The water supply situation is not only excellent, but improved thanks to some late May storms that brought more snow to the Sierras. Reservoirs are at capacity which is well above normal for this time of year.

The “root cause analysis” of the Aliso Canyon Natural Gas Storage Facility methane leak from 2015 was recently released. It found that SoCalGas was grossly negligent in their management of the facility. The facility is heavily relied upon to provide electric and gas stability throughout Southern California. While the facility has been operating at a significantly reduced capacity, the region has seen natural gas prices rise 24 percent impacting wholesale electricity prices as well. Environmentalists and local activists continue to advocate for the facility to immediately close.

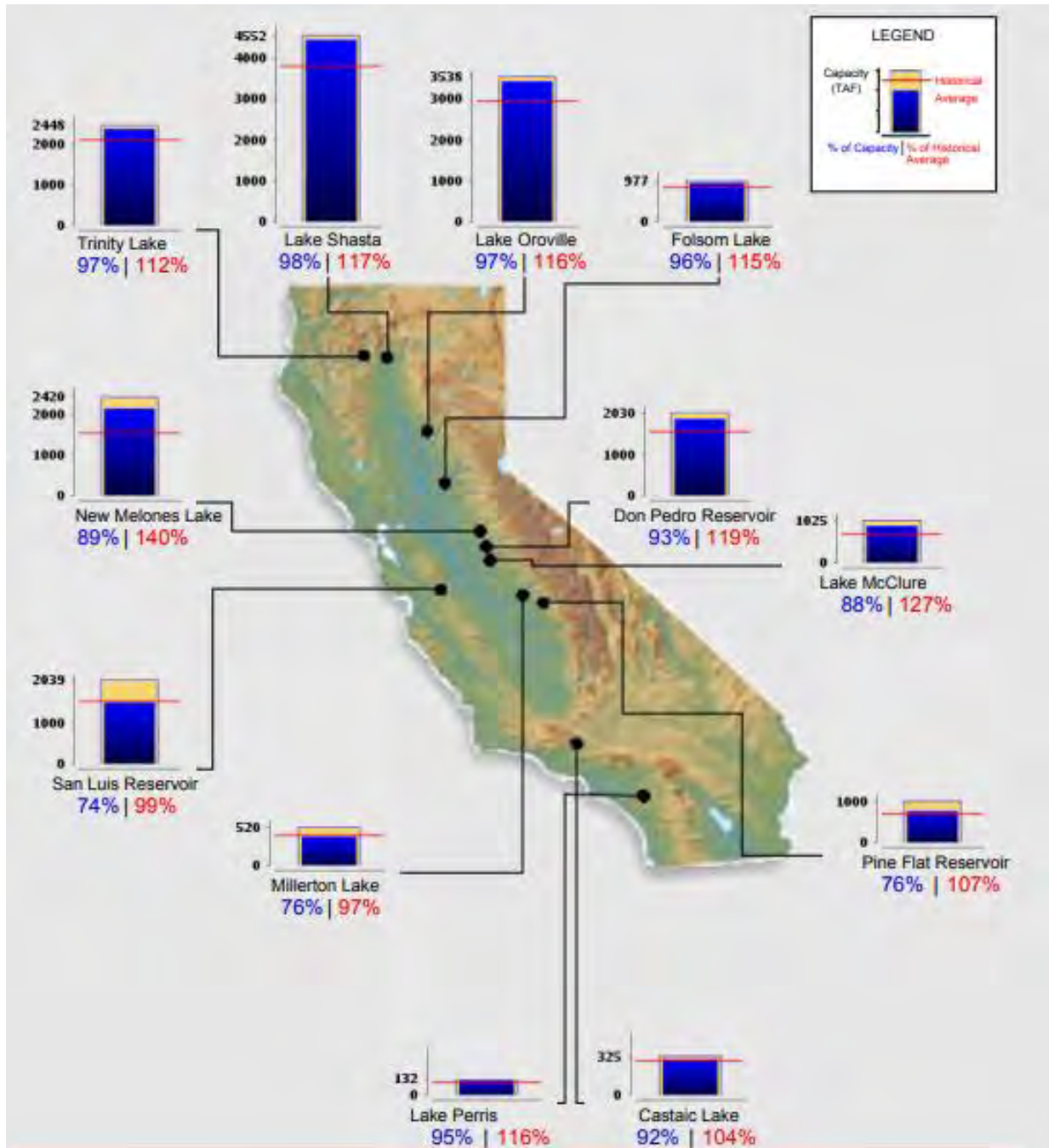
The Legislature worked through two major deadlines in May. On May 16 both appropriations committees took up their respective “suspense files.” Several important water bills were held in appropriations committees, including SB 332 (Hertzberg) regarding ocean discharge, AB 1672 (Bloom) regarding flushable products and SB 669 (Caballero) ACWA’s drinking water trust bill.

On May 30, both houses wrapped up business ahead of the “house of origin” deadline. Focus now turns to the budget, which has to be passed by June 15. The most significant water issue in the budget is safe and affordable drinking water. The Governor, the Senate and the Assembly all had different proposals for how to solve the issue. The Governor introduced a trailer bill that would establish the residential, commercial and agricultural fees, similar to efforts from 2018. The Senate had a \$150 million per year continuous general fund appropriation proposal. The Assembly deferred to the policy bill process and is supporting AB 217 (E. Garcia) which was recently amended to include a drinking water fee and an agricultural fee, but differs from the Governor’s proposal in the protections it offers to ag. The budget conference committee heard the issue and the Big Three (Governor, Pro Tem, and Speaker) hammered out a deal.

# Santa Ana Watershed Project Authority Status Report – May 2019

## *Water Supply Conditions*

Water conditions actually improved in May thanks to some late storms. The snowpack is at 196% of average for this time of year. With a fully operational spillway, regulators are keeping Lake Oroville at capacity. The other major Northern California Reservoirs are also being held at capacity. The State Water Project allocation still sits at 70 percent.





### ***Aliso Canyon Update***

The “root-cause” analysis report of the 2015-16 blowout and subsequent methane natural gas leak, has been released. The analysis finds fault with the maintenance and inspection activities of SoCalGas prior to the massive methane leak and highlights “gross negligence” by SoCalGas and the failure to conduct basic inspections. In the years following the leak, operations at the natural gas storage facility have been drastically reduced, which have caused reliability issues for natural gas users and some challenges on the electric side during heat events in addition to price increases due to low of supplies.

The report determined that SoCalGas “current practices and new state regulations address most, if not all, of the causes identified in the report.” SoCalGas is now calling for Aliso Canyon to be reopened. Environmentalists and local advocates are urging Governor Newsom to shut down the facility immediately.

While Governor Brown directed the California Energy Commission to formulate a plan to shut down the facility by 2027, the CPUC and the Department of Conservation Division of Oil, Gas and Geothermal Resources (DOGGR) allowed SoCalGas to increase supplies stored at the facility.

Operation of Aliso Canyon is important for electric reliability throughout Southern California. While there have been limited operations of the facility, electricity providers have narrowly avoided blackouts on hot days when demand is high. Reduced use of the facility has contributed to a 24 percent increase in natural gas prices in 2018 and an increase in wholesale energy prices. Future use of the facility will be closely followed because of the significant implications on reliability and cost implications in Southern California.

### ***Legislative Update***

May was full of legislative action with the Appropriations Committee Suspense Deadline May 17 and the House of Origin Deadline on May 31. At the same time, house budget committees and the two-house conference committee concluded their business and reached a compromise on the FY 2019-2020. The budget must pass by June 15.

### **Clean, Safe and Affordable Drinking Water:**

One of the big ticket negotiation items between the Senate, Assembly and the Governor was how to tackle the safe and affordable drinking water issue. As reported in previous reports, the Governor released a trailer bill language that closely follow SB 623 (Monning, 2018). The trailer bill language, similar to SB 623, would impose a \$00.95 per month charge on residential water customers, with the charge increasing for commercial and industrial customers. The proposal also includes fees on agriculture and enforcement protection for ag. The trailer bill was debated in both budget sub committees but neither passed the bill out.

The Senate passed a majority-vote option that was expected to come from Pro Tem, Toni Atkins. This proposal is a \$150 million per year continuous appropriation from the General Fund. There are no enforcement protection provisions for ag. The Senate tied SB 200 (Monning) and SB 414 (Caballero) to the appropriation as well. SB 200 is the technical bill that would establish the fund and set rules for its use. SB 414 is Eastern MWD’s Small System Water Authority Act of 2019.

The Assembly deferred action to the legislative process. Their vehicle is AB 217 (E. Garcia, D-Coachella). AB 217 originally included several options for funding including a trust, a residential fee, and fees on agriculture. The current version of the bill includes a fee for residential and commercial water users and a fee on agriculture. The bill differs from the Governor’s proposal because it does not

include enforcement protections for agriculture and in fact allows the Attorney General to access the funds collected from ag to be used to prosecute individual dairy or ag operations for legacy contamination. The ag community has been supporting the Governor's proposal and is now in strong opposition to AB 217.

Negotiations over the issue were left to the "Big Three," the Governor, the Speaker and the Pro Tem as they worked out the final major issues of the budget.

The final compromise was:

- \$100 million in Greenhouse Gas Reduction Funds for Safe Drinking Water
- 5% GGRF continuous appropriation beginning in FY 2020-2021
- \$30 million General Fund for Safe Drinking Water
  - General fund backstop if GGRF does not produce \$130 million
  - \$130 million cap
- \$3.4 million General Fund for SWRCB administrative costs

*SB 669 (Caballero): Safe Drinking Water Trust:* Sponsored by ACWA and the California Municipal Utilities Association (CMUA), SB 669 would use a one-time infusion of general fund cash to establish a trust which revenue would be transferred to the Safe and Affordable Drinking Water Fund for administration by the State Water Resources Control Board. The bill has passed both the Senate Environmental Quality and Governance and Finance Committees without a single "no" vote. Members did raise concerns over conflicting amounts of "seed" money that would be needed to generate the necessary revenue. **The bill was held in Senate Appropriations Committee.**

#### Ocean Discharge:

Senator Bob Hertzberg's (D-Los Angeles) SB 322 to eliminate 95 percent of ocean discharges by 2040 was held in Senate Appropriations Committee. The bill is similar to a "gut-and-amend" the Senator attempted in 2017, SB 163, which ultimately failed. There are significant concerns because the bill has no considerations for brine. SAWPA is responsible for six percent of Orange County Sanitation District's discharges currently and is planning to increase that to 25-30 percent in coming years. With brine being a byproduct of recycling water, the bill is at odds with itself.

The bill is dead for the year, but the conversations about eliminating ocean discharge will continue. It has been made clear that the Governor and his administration are considering ocean discharge as part of the Water Resiliency Portfolio Newsom directed his administration to draft in the coming months. Additionally, the bill could be re-introduced next year.

#### Recycled Water:

*AB 292 (Quirk):* AB 292 builds on previous legislation, AB 574 (Quirk, 2017), and recent work by the SWRCB to remove the terms "direct potable reuse" and "indirect potable reuse" in state code in order to better align the terms with how the water agencies are using recycled water. AB 574 (Quirk) created four distinct types of potable reuse projects – "Indirect Potable Reuse for Groundwater Recharge", "Reservoir Water Augmentation", and Direct Potable Reuse, which includes two subcategories, "Raw Water Augmentation" and "Treated Drinking Water Augmentation." With the more precise definitions added by AB 574, the terms "indirect" and "direct" only add to confusion about potable reuse and proposed projects. The term "Direct Potable Reuse" also implies that purified recycled water is going directly into the drinking water supply, which is not the case with Raw Water Augmentation projects.

For example, opponents of a groundwater recharge project in the Central Coast incorrectly labeled the project “Direct Potable Reuse” and the confusion in the statute made this difficult to correct. This bill is sponsored by WateReuse California. The bill passed out of the Assembly without a single no vote and is expected to be taken up in the Senate Environmental Quality and Natural Resources and Water Committees in the beginning of June.

*AB 1180 (Friedman):* AB 1180 will require the SWRCB to update the state’s non-potable recycled water regulations by 2023. These regulations have not been revised since 2000. An update to these regulations, incorporating the knowledge and lessons learned from nearly two decades of non-potable water recycling, will help the state to achieve its ambitious goals for recycled water use. The bill also promotes recycled water use for dual plumbed building and for commercial, industrial and institutional (CII) uses by requiring the Water Board, through its update of Title 17 backflow regulations, to include the use of a change over device, such as a swivel ell. This bill is also sponsored by WateReuse. The bill passed out of the Assembly without a single no vote and was passed out of the Senate Environmental Quality Committee on June 5.

#### State Water Project:

*SB 204 (Dodd):* SB 204 originally sought to insert additional transparency and the sharing of information regarding future State Water Project Contract Amendments. If successful, this bill would have significantly delayed action on water conveyance and would be detrimental to any future SWP contract amendments. MWD and the State Water Contractors sought amendments to limit the timelines set in the bill so there wouldn’t be an open-ended window in which the contracts could be delayed. The bill had an initial hearing in the Senate Natural Resources and Water Committee where it faced serious pushback, mostly from Southern California members. After the pushback the Senator agreed to work with stakeholders, something he was reluctant to do before the hearing, as the bill moves through the process. The Senator failed to address MWD and SWC concerns and they moved to a full oppose position. The author took significant amendments to get out of the Senate Appropriations Committee. The amendments remove the provisions requiring hearings by in the budget committee before contracts can be approved, among other amendments. These amendments satisfied concerns of MWD and the Contractors and they have removed their opposition. The bill passed the Senate and will now move to the Assembly. WCA will continue to track this bill very closely to ensure the unacceptable provisions aren’t reinserted into the bill.

#### Wastewater Treatment:

*AB 1672 (Bloom)* addressing flushable wipes was held in Assembly Appropriations Committee. The bill, sponsored by CASA, establishes performance and labeling standards for flushable wipes and imposes civil penalties on parties failing to conform to those standards. The personal care product industry has been lobbying against the bill, though it managed to successfully pass out of Environmental Safety and Toxic Materials and Judiciary Committee.

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# **GENERAL MANAGERS MEETING NOTES**

TUESDAY, JUNE 11, 2019

## **PARTICIPANTS PRESENT**

Nick Kanetis  
Shivaji Deshmukh  
Michael Markus  
Rich Haller  
Karen Williams  
Larry McKenney (Via-Conference Call)  
Mark Norton  
David Ruhl  
Carlos Quintero  
Dean Unger  
Katie Lucht  
Sara Villa

## **REPRESENTING**

Eastern Municipal Water District  
Inland Empire Utilities Agency  
Orange County Water District  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
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Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority

## **PARTICIPANTS ABSENT**

Paul Jones  
Doug Headrick  
Craig Miller

Eastern Municipal Water District  
San Bernardino Valley Municipal Water District  
Western Municipal Water District

## **CALL TO ORDER**

Nick Kanetis called the meeting to order at 7:32 a.m. at SAWPA, 11615 Sterling Avenue, Riverside, California.

## **FUTURE SAWPA COMMISSION AGENDA ITEMS**

Rich Haller reviewed the handout provided of the Agenda Planning Matrix (SAWPA Commission, OWOW Steering Committee, PA22, PA23, and PA24). Rich Haller noted that the PA24 planning matrix is included with the first meeting tentatively scheduled for August 20 depending when the member agencies' board approve the agreement. Nick Kanetis noted they will bring the agreement forward to their Board before August 20. Shivaji Deshmukh noted the agreement is being brought forward to their Board tomorrow, June 12. Rich Haller proposes that the PA24 Committee meet right before the Commission meeting, the first Tuesday of every month. Each agency in addition to approving the Agreement should appoint a Committee Representative.

## **OWOW UPDATE**

Mark Norton informed the General Managers that the Pre-application workshop with DWR regarding the Proposition (Prop) 1 Integrated Regional Water Management (IRWM) Round 1 funding is scheduled for August 14. The project proponents will be invited to attend and present their project and answer any questions that the state officials might have in relation to their project. Everything is moving along, and North and Central OC parties including Orange County Water District have an upcoming OC project rating and ranking workshop scheduled for next Monday, June 17<sup>th</sup>. They will be seeking to reach a consensus on their final projects to recommend and the selected projects will be incorporated as part of the overall suite of projects that will be seeking funding for Prop 1 through the SAWPA grant application to DWR. The project proponents are being asked to fill out a Project Information Form that needs to be submitted to SAWPA and DWR four (4) weeks prior to the pre-application workshop. Nick Kanetis questioned if through the pre-application workshop depending on the questions/concerns that come up, could the project list change? Norton said yes, DWR stated that if they see a project that raises concerns and does not meet their minimum requirements for funding, we will have to reconsider the project or see if it's better suited for a future round. Michael Markus questioned the status of the benefits for the MWDOC watershed-wide project and if the scope of work is changing? Norton noted MWDOC's project was originally proposed as a joint watershed wide project with all the SAWPA member agencies except OCWD and it included leak detection and prevention turf removal type of program to be led by EMWD. According to Joe Berg of MWDOC, the project will no longer be including the leak detection component and will likely increase the turf removal square footage to ensure the level of benefits are still met. If the benefits are reduced and they drop below the next lower project's score, then it will become an issue. Norton noted that he will be in communication with Joe Berg to further discuss in detail.

### **ROUNDTABLES UPDATE**

Mark Norton provided a verbal update on the Emerging Constituents (EC) Program Task Force, a new voluntary emerging constituent of PFOA and PFOS (PFA's) sampling program is scheduled in August. Orange County Water District is preparing the EC sampling and laboratory analysis plan.

### **PA25 (OWOW) / PA26 (ROUNDTABLES/TASK FORCES)**

Larry McKenney reviewed the handouts provided of the Draft Project Agreement 25 (PA25) & Project Agreement 26 (PA26). The Strategic Review that was done three (3) years ago, required three (3) groupings of SAWPA's business activities and to develop a project agreement that covers each of the business lines; PA24 (Brine Line), PA 25 (OWOW), and PA26 (Roundtables/Task Forces). The Draft PA25 is written with the framework on how SAWPA administers the OWOW program including the development and update of the OWOW Plan, and the way we go through project evaluation and selection process for IRWM grant funding. The Draft PA26 is for the Roundtables/Task Forces. SAWPA currently has a separate Agreement with each Task Force and the PA26 defines responsibilities of the Parties and the administrative procedures that will apply to SAWPA's participation in various separate Roundtables or Task Forces. Any budget revisions and operating decisions related to PA26 will be made by unanimous consent of the Parties. Rich Haller noted that he will email drafts of both PA25 and PA26 to all the General Managers for their review.

### **OC STAKEHOLDER AGREEMENT**

Rich Haller informed the General Managers that Amanda Carr will be bringing forward for approval the OC Stakeholder Agreement to the Orange County Board of Supervisors in August.

### **BRINE LINE UPDATE**

David Ruhl provided updates on the following:

- a. Pretreatment Program Update – Two (2) Work Orders will be brought forward for Commission Approval on June 18 for the Babcock Labs and WMWD Sampling in conjunction with SAWPA's Sampling Program.
- b. Reach IV-D Corrosion Investigation Work – Waiting on Woodard and Curran's data results from the work that was done May 12.
- c. OCSD Rock Removal – There is currently a delay of the rock removal due to the Least Bells Vireo nesting, it is anticipated to proceed with the work in September.
- d. Beaumont Connection to Brine Line – Beaumont is constructing their wastewater treatment plant and is making progress. SAWPA and Beaumont are meeting monthly and will provide a status to OCSD at the end of the month.
- e. Aramark – Aramark is interested in purchasing capacity and buying DFA's contract. Reach IV-D is where Aramark anticipates to discharge, though they need to purchase additional BOD pounds.

### **OPERATIONS UPDATE**

Carlos Quintero provided updates on the following:

- a. Brine Line O&M Activities – Routine maintenance continues, and currently building a containment around Air Vacs, Reach IV-E line cleaning, the valve exercise on Reach IV area, and T-Lok and repairs.
- b. Building Improvements – There's a Request for Bids out for the restroom renovations. The rest of the building improvements to the Board Room, Lunchroom, Library, and OWOW Room will start July 8 through August 5.
- c. Parking Lot Status – SAWPA Commission approved the MOU with WMWD. WMWD is working with the contractor to schedule the paving of the parking lot, it is anticipated to be done on an off Friday.

- d. Vehicle Break-in – There was a SAWPA vehicle break-in last week where items were stolen, and damage was done to the mailbox and the fence. We are looking into improving our security system where the SAWPA vehicles are parked.

**WEBSITE**

Dean Unger provided a brief presentation of the new SAWPA website and ADA requirements that went into effect January 1, 2019. Michael Markus recommended that on the Home page under “Latest Agendas” to bold or enlarge the fonts so it’s easier to read and find.

**SCHEDULING – NEXT GM MEETING**

The next General Managers meeting is scheduled for July 9, 2019, at 7:30 a.m. at SAWPA. The meeting adjourned at 8:36 a.m.

**COMMISSION REVIEW:** June 18, 2019

2019-6-11 GM Mtg Notes