



# S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

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

## SPECIAL NOTICE REGARDING CORONAVIRUS DISEASE 2019 (COVID-19) AND PARTICIPATION IN PUBLIC MEETINGS

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting of public meetings. Accordingly, it has been determined that all Board and Committee meetings of the Santa Ana Watershed Project Authority held pursuant to the Brown Act will be conducted virtually, including meetings of the:

- SAWPA Commission
- PA 22, PA 23, and PA 24 Committees
- OWOW Steering Committee

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## REGULAR MEETING OF THE COMMISSION TUESDAY, DECEMBER 1, 2020 – 9:30 A.M.

### PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the December 1, 2020 meeting of the SAWPA Commission by telephone\* and virtually through the Zoom app as follows:

Meeting Access Via Computer (Zoom):	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> <li>• <a href="https://sawpa.zoom.us/j/96676928423">https://sawpa.zoom.us/j/96676928423</a></li> </ul>	<ul style="list-style-type: none"> <li>• 1 (669) 900-6833</li> </ul>
<ul style="list-style-type: none"> <li>• Meeting ID: 966 7692 8423</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting ID: 966 7692 8423</li> </ul>

If you are unable to participate by telephone\* or virtually, you may also submit your comments and questions in writing for the Commission’s consideration by sending them to [publiccomment@sawpa.org](mailto:publiccomment@sawpa.org) with the subject line “Public Comment Item #” (insert the agenda item number relevant to your comment) or “Public Comment Non-Agenda Item”. Submit your written comments by 6:00 p.m. on Monday, November 30, 2020. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record.

**\*IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your “identifier” during the meeting and available to all meeting participants. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.**

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# S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

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

**PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 19, 2020, THIS MEETING WILL BE CONDUCTED VIRTUALLY. ALL VOTES TAKEN DURING THIS VIRTUAL MEETING WILL BE CONDUCTED BY ORAL ROLL CALL.**

**This meeting will be accessible as follows:**

<b>Meeting Access Via Computer (Zoom)*:</b>	<b>Meeting Access Via Telephone*:</b>
<ul style="list-style-type: none"> <li>• <a href="https://sawpa.zoom.us/j/96676928423">https://sawpa.zoom.us/j/96676928423</a></li> </ul>	<ul style="list-style-type: none"> <li>• 1 (669) 900-6833</li> </ul>
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## **REGULAR COMMISSION MEETING TUESDAY, DECEMBER 1, 2020 – 9:30 A.M.**

### **AGENDA**

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (David J. Slawson, 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. ITEMS TO BE ADDED OR DELETED**

Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the Santa Ana Watershed Project Authority subsequent to the posting of the agenda.

**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: NOVEMBER 3, 2020** .....9  
**Recommendation:** Approve as posted.
- B. **TREASURER’S REPORT – OCTOBER 2020**..... 13  
**Recommendation:** Approve as posted.

**6. NEW BUSINESS**

- A. APPROVAL OF TASK ORDER WITH PROJECT PARTNERS, INC. FOR HEADWATERS ACCESS (CM#2020.77) ..... 19**  
**Presenter:** Ian Achimore  
**Recommendation:** Approve Task Order PRO387-01 in the amount of \$23,800 for Project Partners, Inc. to attain right of entry to parcels for future Arundo donax removal, consistent with Resolution No. 427.
- B. FISCAL YEAR 2019-2020 REPORT ON AUDIT (CM#2020.73)..... 67**  
**Presenter:** Karen Williams  
**Recommendation:** Receive and review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2020 and 2019, which includes the Report on Audit prepared by Teaman, Ramirez & Smith, Inc., then: (1) Accept the CAFR, including the Report on Audit as prepared by Teaman, Ramirez & Smith, Inc.; (2) Direct staff to file the Report with the respective government agencies as required by law; and, (3) Direct staff to submit the CAFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.
- C. FISCAL YEAR 2021-2022 AND FISCAL YEAR 2022-2023 BUDGET SCHEDULE (CM#2020.74)..... 217**  
**Presenter:** Karen Williams  
**Recommendation:** Receive and file.
- D. SANTA ANA RIVER WATERSHED WEATHER MODIFICATION FOR WATER SUPPLY FEASIBILITY STUDY | FINAL RECOMMENDATIONS (CM#2020.76)..... 219**  
**[This item is subject to the provisions of Project Agreement 25]**  
**Presenter:** Mark Norton  
**Recommendation:** (1) Receive this final report presentation on the Santa Ana River Watershed Weather Modification for Water Supply Feasibility Study by North American Weather Consultants Inc.; and, (2) Support including a budget for the ground seeding site selection analysis and CEQA development in the FY 21-22 SAWPA Budget.
- E. DISADVANTAGED COMMUNITIES INVOLVEMENT (DCI) PROGRAM STATUS (CM#2020.75)..... 249**  
**[This item is subject to the provisions of Project Agreement 25]**  
**Presenter:** Rick Whetsel  
**Recommendation:** Receive and file.

**7. INFORMATIONAL REPORTS**

**Recommendation:** Receive for information.

- A. CASH TRANSACTIONS REPORT – SEPTEMBER 2020 ..... 265**  
**Presenter:** Karen Williams
- B. INTER-FUND BORROWING – SEPTEMBER 2020 (CM#2020.71)..... 271**  
**Presenter:** Karen Williams
- C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – SEPTEMBER 2020 (CM#2020.72)..... 277**  
**Presenter:** Karen Williams

<b>D.</b>	<b><u>PROJECT AGREEMENT 25 – OWOW FUND – FINANCIAL REPORT, SEPTEMBER 2020</u></b> .....	299
	<b>Presenter:</b> Karen Williams	
<b>E.</b>	<b><u>PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, SEPTEMBER 2020</u></b> .....	303
	<b>Presenter:</b> Karen Williams	
<b>F.</b>	<b><u>BUDGET VS ACTUAL VARIANCE REPORT – FYE 2021 FIRST QUARTER – SEPTEMBER 30, 2020 (CM#2020.78)</u></b> .....	307
	<b>Presenter:</b> Karen Williams	
<b>G.</b>	<b><u>FINANCIAL REPORT FOR THE FIRST QUARTER ENDING SEPTEMBER 30, 2020</u></b> .....	315
	<ul style="list-style-type: none"> <li>• Inland Empire Brine Line</li> <li>• SAWPA</li> </ul>	
	<b>Presenter:</b> Karen Williams	
<b>H.</b>	<b><u>FIRST QUARTER FYE 2021 EXPENSE REPORT</u></b> .....	335
	<ul style="list-style-type: none"> <li>• Staff</li> </ul>	
	<b>Presenter:</b> Karen Williams	
<b>I.</b>	<b><u>GENERAL MANAGER REPORT – NOVEMBER 2020</u></b> .....	337
<b>J.</b>	<b><u>STATE LEGISLATIVE REPORT</u></b> .....	343
	<b>Presenter:</b> Rich Haller	
<b>K.</b>	<b><u>CHAIR’S COMMENTS/REPORT</u></b>	
<b>L.</b>	<b><u>COMMISSIONERS’ COMMENTS</u></b>	
<b>M.</b>	<b><u>COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS</u></b>	

**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) 354-4220 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, CMC, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on November 24, 2020, 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.

**2020 SAWPA Commission Meetings/Events**

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>September</b>	<b>October</b>
9/1/20 Commission Workshop 9/15/20 Regular Commission Meeting	10/6/20 Commission Workshop 10/20/20 <del>Regular Commission Meeting</del> [cancelled]
<b>November</b>	<b>December</b>
11/3/20 Commission Workshop 11/17/20 <del>Regular Commission Meeting</del> [cancelled]	12/1/20 Commission Workshop 12/15/20 Regular Commission Meeting

**2021 SAWPA Commission Meetings/Events**

First and Third Tuesday of the Month

(NOTE: All meetings begin at 9:30 a.m., unless otherwise noticed, and are held at SAWPA.)

<b>January</b>	<b>February</b>
1/5/21 Commission Workshop 1/19/21 Regular Commission Meeting	2/2/21 Commission Workshop 2/16/21 Regular Commission Meeting
<b>March</b>	<b>April</b>
3/2/21 Commission Workshop 3/16/21 Regular Commission Meeting	4/6/21 Commission Workshop 4/20/21 Regular Commission Meeting
<b>May</b>	<b>June</b>
5/4/21 Commission Workshop 5/18/21 Regular Commission Meeting 5/4 – 5/7/21 ACWA Spring Conference, Monterey	6/1/21 Commission Workshop 6/15/21 Regular Commission Meeting
<b>July</b>	<b>August</b>
7/6/21 Commission Workshop 7/20/21 Regular Commission Meeting	8/3/21 Commission Workshop 8/17/21 Regular Commission Meeting
<b>September</b>	<b>October</b>
9/7/21 Commission Workshop 9/21/21 Regular Commission Meeting	10/5/21 Commission Workshop 10/19/21 Regular Commission Meeting
<b>November</b>	<b>December</b>
11/2/21 Commission Workshop 11/16/21 Regular Commission Meeting	12/7/21 Commission Workshop 12/21/21 Regular Commission Meeting 11/30 – 12/3/21 ACWA Fall Conference, Pasadena

## SAWPA COMPENSABLE MEETINGS

**IMPORTANT NOTE:** Due to the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all upcoming meetings by teleconferencing. Participation information will be included on each posted agenda or meeting notice.

In addition to Commission 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: December 2020

DATE	TIME	MEETING DESCRIPTION	LOCATION
12/1/20	8:30 AM	PA 23 Committee Mtg	CANCELLED
12/1/20	10:00 AM	PA 24 Committee Mtg	CANCELLED
12/2/20	1:30 PM	Basin Monitoring Program Task Force Mtg	VIRTUAL/TELEPHONICALLY
12/7/20	9:30 AM	MSAR TMDL Task Force Mtg	VIRTUAL/TELEPHONICALLY
12/7/20	1:30 PM	Lake Elsinore/Canyon Lake TMDL Task Force	VIRTUAL/TELEPHONICALLY
12/8/20	8:30 AM	PA 22 Committee Mtg	CANCELLED
12/8/20	2:30 PM	Water Conveyance Workshops (Southeastern CA)	<a href="https://cwc.ca.gov/Programs-and-Topics#State-Role-in-Financing-Conveyance-Projects">https://cwc.ca.gov/Programs-and-Topics#State-Role-in-Financing-Conveyance-Projects</a>
12/10/20	2:30 PM	Water Conveyance Workshops (Southern CA)	<a href="https://cwc.ca.gov/Programs-and-Topics#State-Role-in-Financing-Conveyance-Projects">https://cwc.ca.gov/Programs-and-Topics#State-Role-in-Financing-Conveyance-Projects</a>
12/17/20	4:00 PM	LESJWA Board of Directors Mtg	CANCELLED

### MONTH OF: January 2021

DATE	TIME	MEETING DESCRIPTION	LOCATION
1/5/21	10:00 AM	PA 24 Committee Mtg	VIRTUAL/TELEPHONICALLY
1/12/21	8:30 AM	PA 22 Committee Mtg	VIRTUAL/TELEPHONICALLY
1/28/21	11:00 AM	OWOW Steering Committee Mtg	VIRTUAL/TELEPHONICALLY

*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  
NOVEMBER 3, 2020**

**COMMISSIONERS PRESENT**

David J. Slawson, Chair, Eastern Municipal Water District  
Kati Parker, Vice Chair, Inland Empire Utilities Agency  
Kelly E. Rowe, 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**

June D. Hayes, San Bernardino Valley Municipal Water District

**STAFF PRESENT**

Rich Haller, Karen Williams, Carlos Quintero, David Ruhl, Mark Norton,  
Dean Unger, Rick Whetsel, Marie Jauregui, Sara Villa

**OTHERS PRESENT**

Andrew D. Turner, Lagerlof, LLP; Seth Cole, Alliant Insurance Services,  
Inc.

The Regular Commission meeting of the Santa Ana Watershed Project Authority was called to order at 9:32 a.m. by Chair Slawson on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. The record will reflect this meeting was conducted virtually.

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, this meeting was conducted virtually. Members of the public who were unable to participate by teleconference or virtually were invited to submit comments and questions in writing via email for the Commission's consideration. All votes taken during this meeting were conducted via oral roll call.

**2. ROLL CALL**

An oral roll call was duly noted and recorded by the Clerk of the Board.

**3. PUBLIC COMMENTS**

There were no public comments; there were no public comments received via email.

**4. ITEMS TO BE ADDED OR DELETED**

There were no added or deleted items.

**5. CONSENT CALENDAR**

**A. APPROVAL OF MEETING MINUTES: OCTOBER 6, 2020**

Recommendation: Approve as posted.

**B. TREASURER'S REPORT – SEPTEMBER 2020**

Recommendation: Approve as posted.

**MOVED**, approve the Consent Calendar.

Result:	<b>Adopted by Roll Call Vote (Unanimously)</b>
Motion/Second:	Harrison/Rowe
Ayes:	Dennstedt, Harrison, Parker, Rowe, Slawson
Nays:	None
Abstentions:	None
Absent:	None

## **6. NEW BUSINESS**

### **A. SUMMARY OF SAWPA INSURANCE PROVIDERS & COVERAGE (CM#2020.69)**

Karen Williams provided a PowerPoint presentation contained in the agenda packet on pages 22 – 49, and introduced Seth Cole of Alliant Insurance Services, Inc. to help answer any questions. Williams noted that Alliant Insurance Services, Inc. is SAWPA’s insurance broker and they find the best coverage at the lowest price. In June 2018, SAWPA joined the California Association of Mutual Water Companies and the Joint Powers Risk and Insurance Management Authority (JPRIMA). SAWPA carries property & casualty, environmental legal liability, and earth movement insurance policies; Williams described the coverage for each policy. Chair Slawson asked if fines were covered under the environmental legal liability policy; Seth Cole advised the policy covers civil fines and penalties but not criminal fines and penalties. SAWPA is currently under contract with California Association of Mutual Water Companies for three (3) years. Williams noted SAWPA will investigate coverage and rates with ACWA and other possible carriers when the policies are up for renewal. Commissioner Dennstedt stated the importance of understanding policy coverage and amount analysis, so we can ensure SAWPA is not under or over insured. Commissioner Rowe asked about flood insurance; Williams SAWPA does not have any mechanical or electrical equipment associated with the Brine Line – only flow meters.

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

### **B. ASSESSING HOMELESSNESS IMPACTS ON WATER QUALITY, RIPARIAN AND AQUATIC HABITAT IN UPPER SANTA ANA RIVER WATERSHED | MONITORING PROGRAM PHASE 1A (CM#2020.68)**

**[This item is subject to the provisions of Project Agreement 25]**

Mark Norton provided the PowerPoint presentation contained in the agenda packet on pages 295 – 312. Through a scoping effort with SAWPA member agency staff and release of a Request for Proposals (RFP), GEI Consultants was hired to undertake the development of a monitoring program which would include a detailed assessment of the homeless encampment impacts on water quality and riparian habitat in the upper Santa Ana River Watershed and any ongoing data collected from the pathogen TMDLs in the watershed. The study is now complete and GEI Consultants recommended a monitoring program which could be implemented in phases at three (3) monitoring locations: Market Street Bridge, Mission Boulevard Bridge, and Van Buren Boulevard Bridge.

The preliminary monitoring programs consists of preliminary field visits, dry weather events, and rapid trash assessment. Phase 1 A consists of one-year monitoring of four (4) dry-weather events at each site and rapid trash assessment, and high flow suspension of recreation standards for a total of \$88,800. This item was brought forward to the Commission in September 2020; staff was directed to locate potential funding partners. Funding commitments of \$10,000 have been secured from both the Riverside County Flood Control and Water Conservation District (RCFC&WCD) and San Bernardino County Flood Control District (SBCFCD). Riverside County will consider financial support at their November 19 meeting. The cost share among the SAWPA member agencies is \$68,800, with possible reduction by additional funds from the County of Riverside.

Commissioner Harrison asked if staff had received input from the SAWPA General Managers. Norton stated the General Managers were unanimously fully supportive. Commissioner Dennstedt asked about direct to WMWD customers? Norton advised this will reduce the cost to the member agencies and their sub-agencies in compliance with regulations; therefore, overall customers rates will be reduced. The consultant will use the PIT count from January 2021, due to monitoring starting in July 2021; the goal is to gather and analysis data to understand how significant these encampments are impairing the water quality compared to other potential sources. Commissioner Harrison thanked staff noting the public is very concerned about homeless encampments from a hygienic and human rights standpoint; it is appropriate that we do whatever we can to learn more about the impact of the various encampments which can lead us to data-driven solutions. Vice Chair Parker voiced her support and moved the item. Commissioner Rowe noted Orange County had a growth in homeless from 20 people in one year, to approximately 2,000 two years later, and voiced his support of monitoring any impacts.

**MOVED**, support inclusion of initial Phase 1A Monitoring Program to Assess Homelessness Impact on Water Quality in the Upper Santa Ana River Watershed estimated to cost \$88,800 in the future SAWPA FY 2021-2022 Budget, subject to local match commitments.

Result: **Adopted by Roll Call Vote (Unanimously)**  
Motion/Second: Parker/Harrison  
Ayes: Dennstedt, Harrison, Parker, Rowe, Slawson  
Nays: None  
Abstentions: None  
Absent: None

**C. ADOPT RESOLUTION NO. 2020-08 | AMEND RETENTION AND DESTRUCTION OF AGENCY RECORDS POLICY (CM#2020.70)**

Rich Haller provided an oral report and recommended adoption of Resolution No. 2020-08 amending the Retention Destruction of Agency Records Policy. The updated records retention schedules were written interactively with all departments participating; the appropriate department manager has reviewed and approved all retention schedules. The schedules provide clear, specific records descriptions and retention periods, and apply current law and technology to management of SAWPA's records. Commissioner Dennstedt questioned if legal counsel had reviewed and approved; legal counsel Turner stated he has seen, and it was one of the most comprehensive Records Retention Policies he is seen.

**MOVED**, adopt Resolution No. 2020-08 amending the Retention and Destruction of Agency Records Policy.

Result: **Adopted by Roll Call Vote (Unanimously)**  
Motion/Second: Harrison/Dennstedt  
Ayes: Dennstedt, Harrison, Parker, Rowe, Slawson  
Nays: None  
Abstentions: None  
Absent: None

**7. INFORMATIONAL REPORTS-**

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

**A. CASH TRANSACTIONS REPORT – AUGUST 2020**

**B. INTER-FUND BORROWING – AUGUST 2020 (CM#2020.66)**

- C. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – AUGUST 2020 (CM#2020.67)**
- D. **PROJECT AGREEMENT 25 – OWOW FUND – FINANCIAL REPORT, JULY 2020**
- E. **PROJECT AGREEMENT 25 – OWOW FUND – FINANCIAL REPORT, AUGUST 2020**
- F. **PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, JULY 2020**
- G. **PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, AUGUST 2020**
- H. **OWOW QUARTERLY STATUS REPORT: JULY 1, 2020 – SEPTEMBER 30, 2020**
- I. **ROUNDTABLES QUARTERLY STATUS REPORT: JULY 1, 2020 – SEPTEMBER 30, 2020**
- J. **GENERAL MANAGER REPORT**
- K. **STATE LEGISLATIVE REPORT**
- L. **CHAIR’S COMMENTS/REPORT**  
There were no comments/reports from the Chair.
- M. **COMMISSIONERS’ COMMENTS**  
Rich Haller provided an update on the General Manager recruitment. The brochure has been completed and distributed and the advertisement is in place. The recruitment will close November 20, 2020.
- N. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**  
There were no Commissioner requests for future agenda items.

**8. CLOSED SESSION**

There was no Closed Session.

**9. ADJOURNMENT**

There being no further business for review, Chair Slawson adjourned the meeting at 10:34 a.m.

**Approved at a regular meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, December 1, 2020.**

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David J. Slawson, 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**

**October 2020**

During the month of October 2020, the Agency's actively managed temporary idle cash earned a return of 1.881%, representing interest earnings of \$16,585. Additionally, the Agency's position in overnight funds L.A.I.F. generated \$23,656 in interest, resulting in \$40,241 of interest income from all sources. Please note that this data represents monthly earnings only, and does not indicate actual interest received. There was one (1) investment position purchased, zero (0) positions sold, zero (0) positions matured, and zero (0) positions were called.

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

November 17, 2020

Prepared and Submitted by:



*Karen L. Williams, Chief Financial Officer*

*Santa Ana Watershed Project Authority*

**INVESTMENT PORTFOLIO - MARKED TO MARKET - UNREALIZED GAINS & LOSSES**

October 31, 2020

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	\$ 1,007,789.00	\$ 17,729	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	\$ 513,299.00	\$ 532	2.375%	\$ 1,008.56
Agency	FHLB	313379Q69	WMS	12-14-17	06-10-22	No Call	\$ 1,000,000.00	2.150%	\$ 998,930.00	\$ 1,031,330.00	\$ 32,400	2.125%	\$ 1,826.12
Agency	FHLB	3130A3GE8	MBS	02-04-20	12-13-24	No Call	\$ 500,000.00	1.414%	\$ 531,250.00	\$ 547,303.50	\$ 16,054	2.750%	\$ 600.51
Agency	FNMA	3135G0H55	WMS	12-28-15	12-28-20	No Call	\$ 1,000,000.00	1.830%	\$ 1,002,140.00	\$ 1,002,937.00	\$ 797	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	\$ 1,001,152.00	\$ (14,005)	1.500%	\$ 976.72
Agency	FNMA	3135G0X24	MBS	02-04-20	01-07-25	No Call	\$ 500,000.00	1.398%	\$ 505,380.00	\$ 524,837.50	\$ 19,458	1.625%	\$ 593.71
Agency	FNMA	3135G05X7	WMS	10-30-20	08-25-25	No Call	\$ 1,000,000.00	0.460%	\$ 995,952.00	\$ 993,524.00	\$ (2,428)	0.375%	\$ 12.60
Agency	USTN	912828WC	WMS	11-17-15	10-31-20	No Call	\$ 1,000,000.00	1.638%	\$ 1,005,312.50	\$ 1,000,000.00	\$ (5,313)	1.750%	\$ 1,391.04
Agency	USTN	912828L99	WMS	06-16-16	10-31-20	No Call	\$ 500,000.00	1.051%	\$ 506,914.06	\$ 500,000.00	\$ (6,914)	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	\$ 1,007,344.00	\$ 38,282	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	\$ 526,014.50	\$ 46,116	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	\$ 542,934.00	\$ 45,187	3.450%	\$ 1,507.53
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	Sallie Mae BK SLT Lake City	7954503Q6	MBS	07-01-19	06-27-22	No Call	\$ 247,000.00	2.250%	\$ 247,000.00	\$ 247,000.00	\$ -	2.250%	\$ 472.01
CD	Morgan Stanley Bank NA	6169OUHP8	MBS	07-05-19	07-05-22	No Call	\$ 247,000.00	2.200%	\$ 247,000.00	\$ 247,000.00	\$ -	2.200%	\$ 461.52
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>\$ 11,238,000.00</b>	<b>\$11,248,571.06</b>	<b>\$11,436,464.50</b>	<b>\$ 187,893</b>	<b>1.881%</b>	<b>\$ 16,584.72</b>
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<b>Total Local Agency Investment Fund</b>		<b>\$44,923,932.27</b>		<b>0.620%</b>	<b>\$ 23,655.84</b>
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<b>Total Invested Cash</b>	<b>\$ 11,238,000.00</b>	<b>\$56,172,503.33</b>		<b>0.855%</b>	<b>\$ 40,240.56</b>
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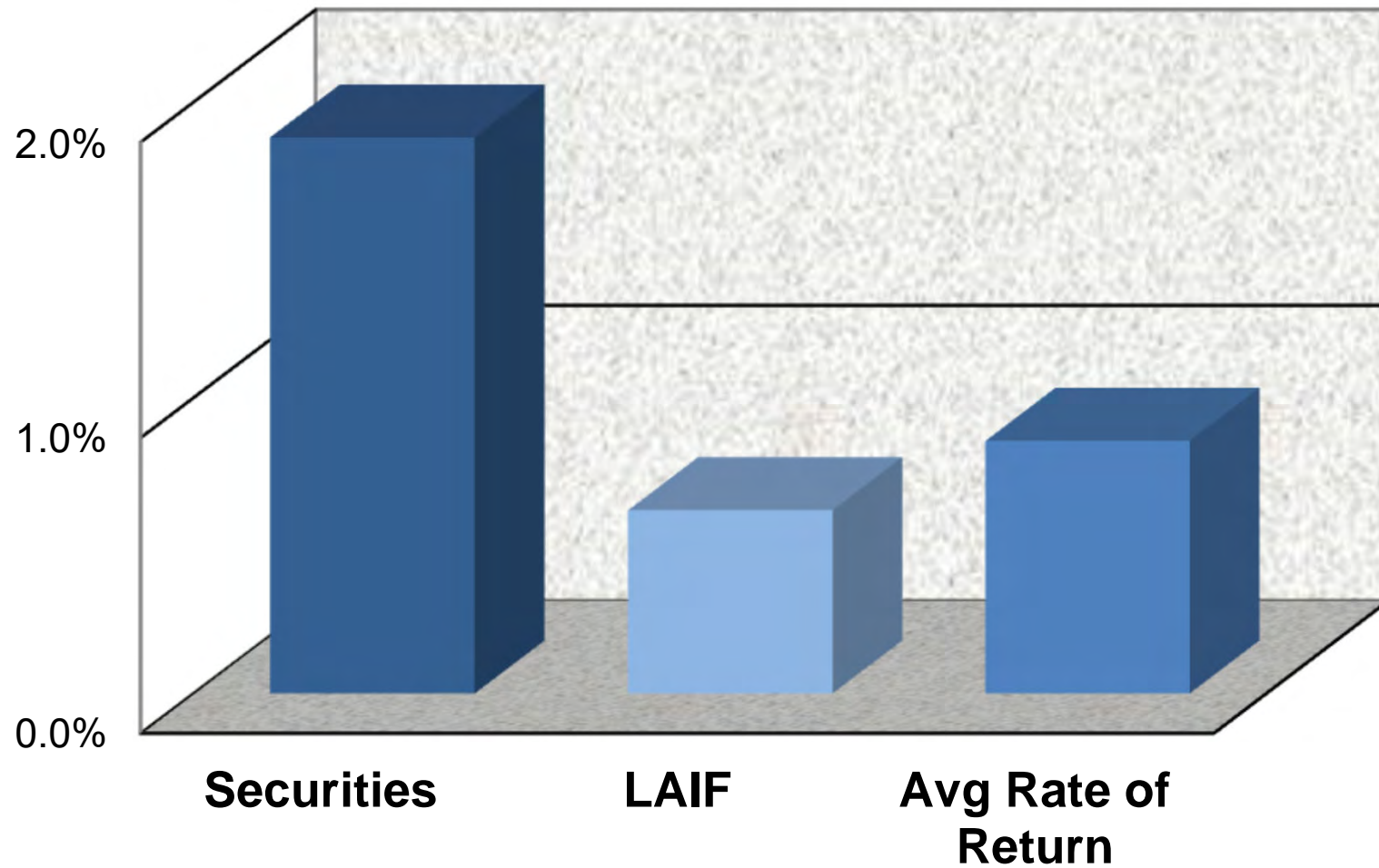
**Key to Security Type:**

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:**

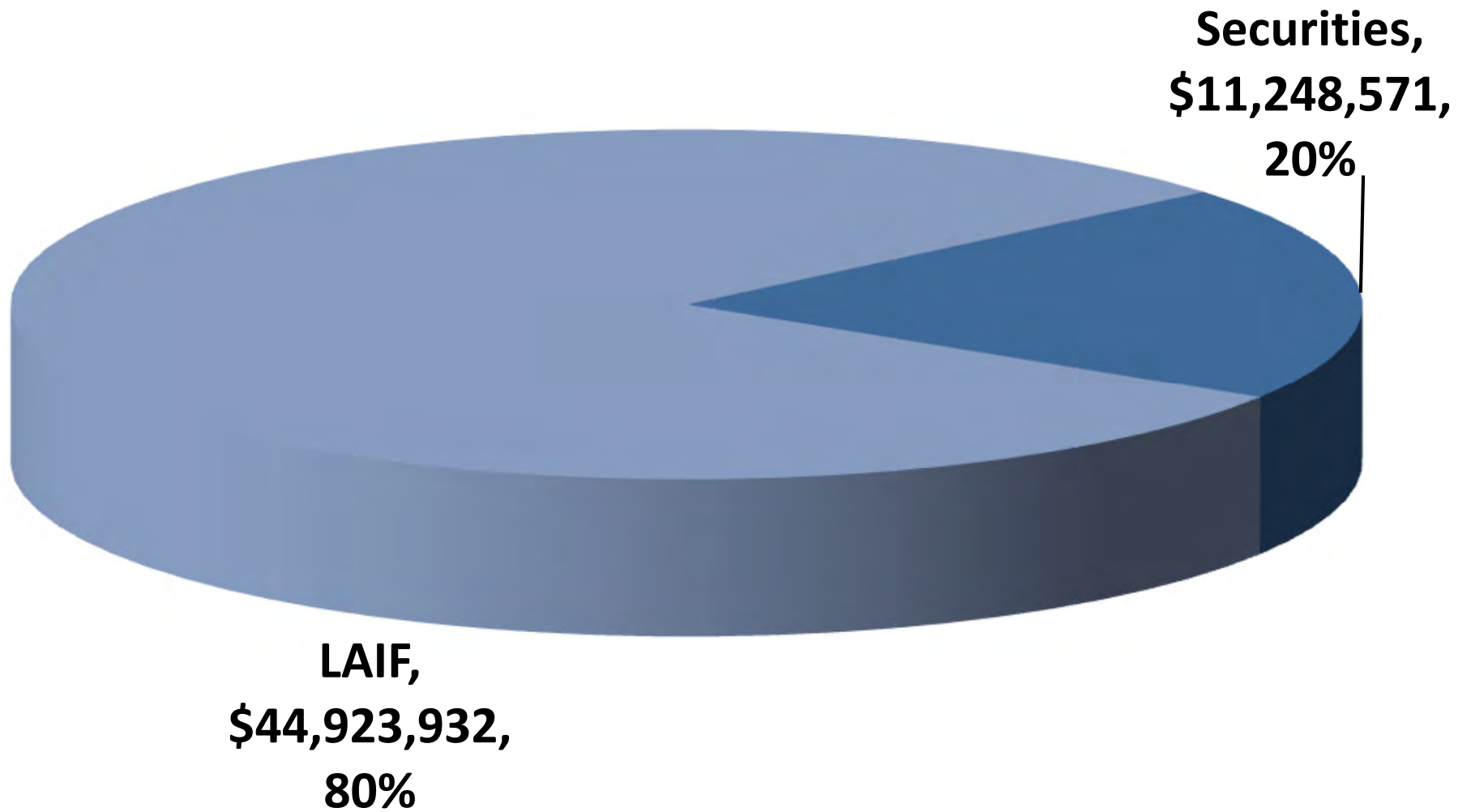
FCS	= FinaCorp Securities
MBS	= Multi-Bank Securities
MS	= Mutual Securities
RCB	= RBC Dain Rauscher
SA	= Securities America
TVI	= Time Value Investments
WMS	= Wedbush Morgan Securities

# Interest Rate Analysis

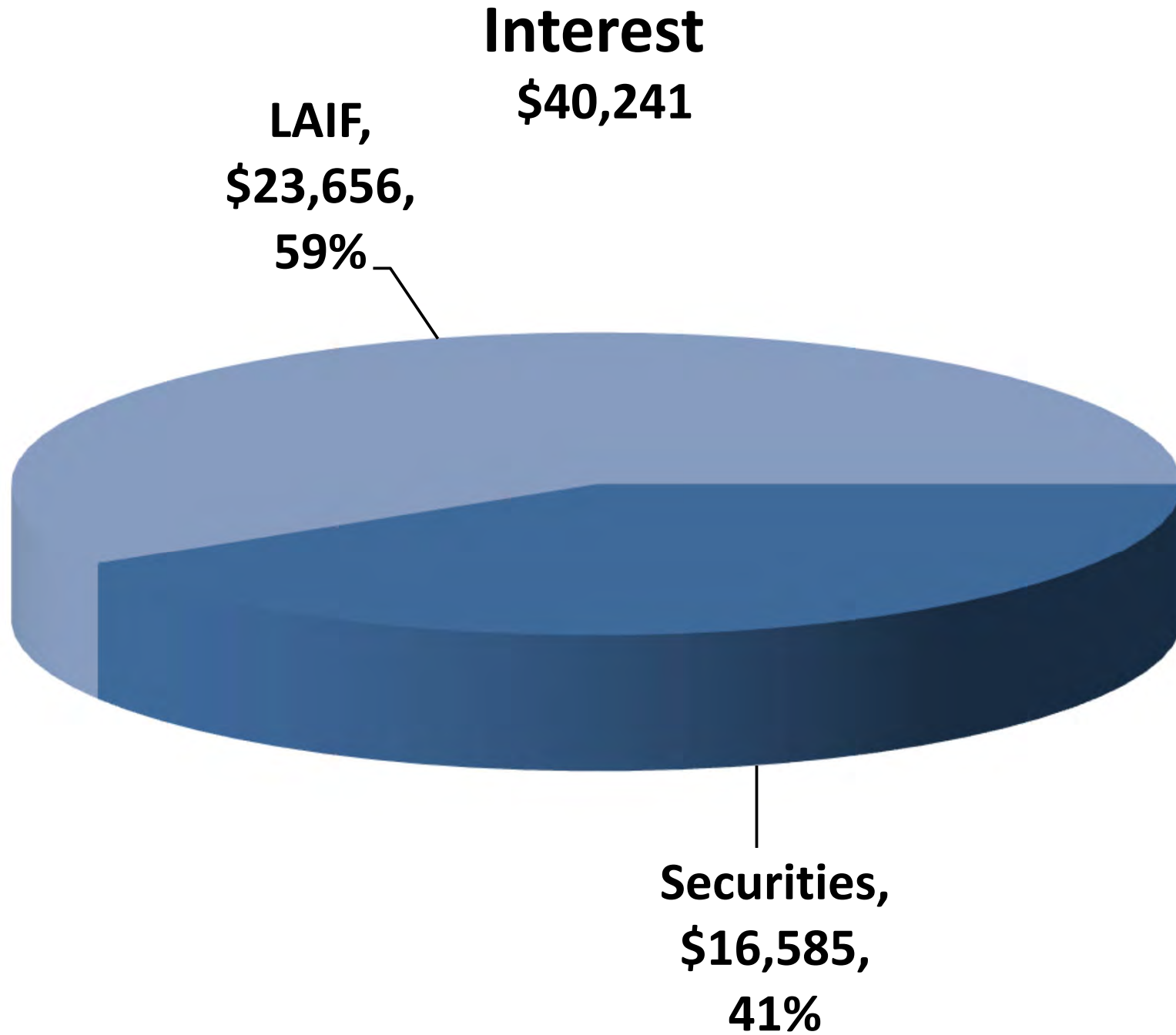


# Investments

**\$56,172,503**







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## COMMISSION MEMORANDUM NO. 2020.77

**DATE:** December 1, 2020

**TO:** SAWPA Commission

**SUBJECT:** Approval of Task Order with Project Partners, Inc. for Headwaters Access

**PREPARED BY:** Ian Achimore, Senior Watershed Manager.

### RECOMMENDATION:

It is recommended that the Commission approve Task Order PRO387-01 in the amount of \$23,800 for Project Partners, Inc. to attain right of entry to parcels for future *Arundo donax* removal, consistent with Resolution No. 427.

### DISCUSSION:

To date, SAWPA has implemented *Arundo donax* invasive weed removal projects that cover approximately 6,000 acres in the Santa Ana River Watershed saving an estimated 43,000 acre feet of water per year. Various field and aerial surveys conducted by SAWPA and other public agencies have verified that there is re-growth of *Arundo donax* in old invasive weed project sites as well as new areas. A 2015 aerial flight conducted by the U.S. Army Corps of Engineers detected 343 acres of *Arundo donax* in the watershed, which is 0.01% of the total watershed area. Based on the 2000 report *Distribution of Arundo donax in Coastal Watersheds of Southern California*, staff estimates that 0.9% (1,600 acres) of the watershed was covered with *Arundo* at the time of the report.

Because *Arundo donax* seedlings can wash down streams during rain events, staff has worked with the Santa Ana Watershed Association (SAWA) on measuring *Arundo donax* using aerial imagery in several upper watershed sites listed below in Table 1. SAWA has experience in removing *Arundo donax* and managing native re-vegetation projects beginning in 2000 when they were a project partner on SAWPA's Southern California Integrated Watershed Program (SCIWP).

SAWPA is now seeking consultant support to acquire right of entry to the parcels in Table 1 that contain *Arundo donax* and other non-native plants in the upper Santa Ana River Watershed to prevent seedling "wash down". These sites, identified in Table 1, are located in the western portions of San Bernardino and Riverside counties.

**Table 1: Project Site Areas in Upper Watershed Headwaters**

Project Site Name	Location	Project Site Size (Acres)	Parcels
Cajon Canyon Creek	Downstream of Keenbrook Road in Unincorporated San Bernardino County	3.82	10
Coopers Creek	Downstream of Velie Avenue in the City of Beaumont to the confluence with San Timoteo Creek	115	55
Mill Creek (Along Garnet Street)	East of Garnet Street along Mill Creek in Unincorporated San Bernardino County	2	6

<b>Project Site Name</b>	<b>Location</b>	<b>Project Site Size (Acres)</b>	<b>Parcels</b>
Palm Canyon	0.3 Miles downstream of Forest Road 2N49 in Unincorporated San Bernardino County to 0.3 Miles upstream of North Magnolia Avenue in the City of San Bernardino	12.7	18
Waterman Canyon and East Twin Creek Confluence	Upstream of East 40 <sup>th</sup> Street in the City of San Bernardino and Unincorporated San Bernardino County	167.4	28
<b>Total</b>		<b>297.1</b>	<b>117</b>

In order to access these parcels and gain right of entry to survey the sites in-person, as well as later remove the Arundo donax and replace it with native vegetation, SAWPA has asked several entities for support in this work including SAWA, Inland Empire Resource Conservation District and the National Forest Foundation. In September through October 2020, SAWPA solicited three quotes from various firms to assist in the right of entry scope. Based on the review of these quotes, Project Partners, Inc. can provide staffing support has the most relevant experience in working with parcel owners and developers, and is proficient in parcel owner queries and explaining complex projects to the public.

Once access is granted and surveying of the parcels for Arundo in the field is completed, SAWPA staff will draft another task order for the removal of the surveyed Arundo. Through SAWA’s surveys, the specific location of Arundo donax will be mapped and any physical obstacles to access will be documented. The specific locations of Arundo donax are needed in order to acquire an accurate quote for the price of removal and re-vegetation of native plantings.

**BACKGROUND**

Proposition 13 (2000 Water Bond) funds created the SAWPA managed Southern California Integrated Watershed Program (SCIWP) and provided SAWPA \$4,000,000 to purchase 100 units in the existing Santa Ana River Mitigation Bank. The Santa Ana River Mitigation Bank was created in 1996 by an agreement with local bank sponsor Riverside County Regional Park and Open-Space District and the lead federal regulatory agency, the U.S. Army Corps of Engineers. As stated in the original SCIWP work plan, proceeds of the sale of these 100 SAWPA units were to fund projects that prevent Arundo re-infestation in areas where the weed has been removed.

As part of that 100 unit purchase, the SAWPA Commission approved Resolution No. 427 in 2004 that stipulates that the proceeds of the sale of these units would be used to remove Arundo and other non-native invasive plants, as well as related habitat efforts in the Santa Ana River Watershed. Resolution No. 427 states that any project related expenditures from the account shall be approved by the SAWPA Commission to ensure consistency with the purpose of the intent of the SCIWP.

**CRITICAL SUCCESS FACTORS**

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

**RESOURCE IMPACTS**

This task order is funded solely through the proceeds of the sale of mitigation credits from the Santa Ana River Mitigation Bank. Revenue from the mitigation bank are kept in a separate interest bearing SAWPA fund – the Arundo Management & Habitat Restoration Fund. The fund’s current balance is approximately \$950,000.

Attachments:

1. PowerPoint Presentation for Commission Meeting
2. Task Order with Project Partners, Inc.
3. Quotes Received for Project (Including Background on Project Partners)
4. Commission Resolution No. 427



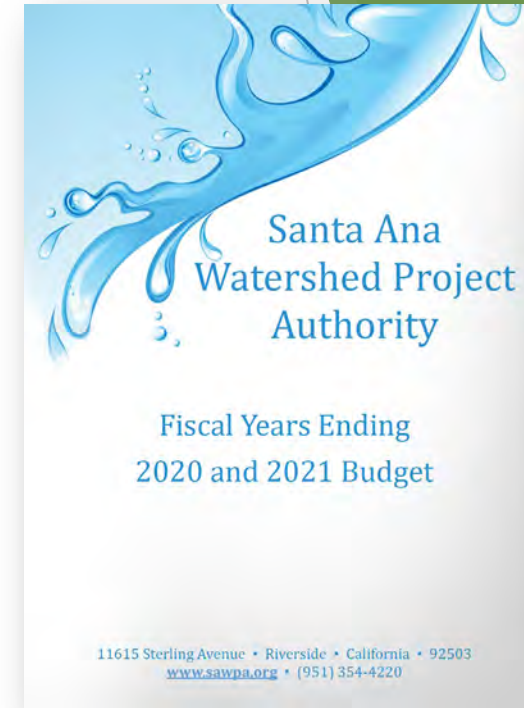
# Approval of Task Order with Project Partners, Inc. for Headwaters Access

Ian Achimore | Senior Watershed Manager  
December 1, 2020 | Commission Meeting  
Item 6.A.



# Quick Stats on the Arundo Roundtable

- Arundo Management & Habitat Restoration Fund (Fund) in SAWPA Budget,
- Fund in Budget gains revenue from Santa Ana River Mitigation Bank credit sales,
- Per SAWPA Resolution No. 427, use of the Fund (like a task order) needs to be approved by Commission even if below General Manager signing authority.



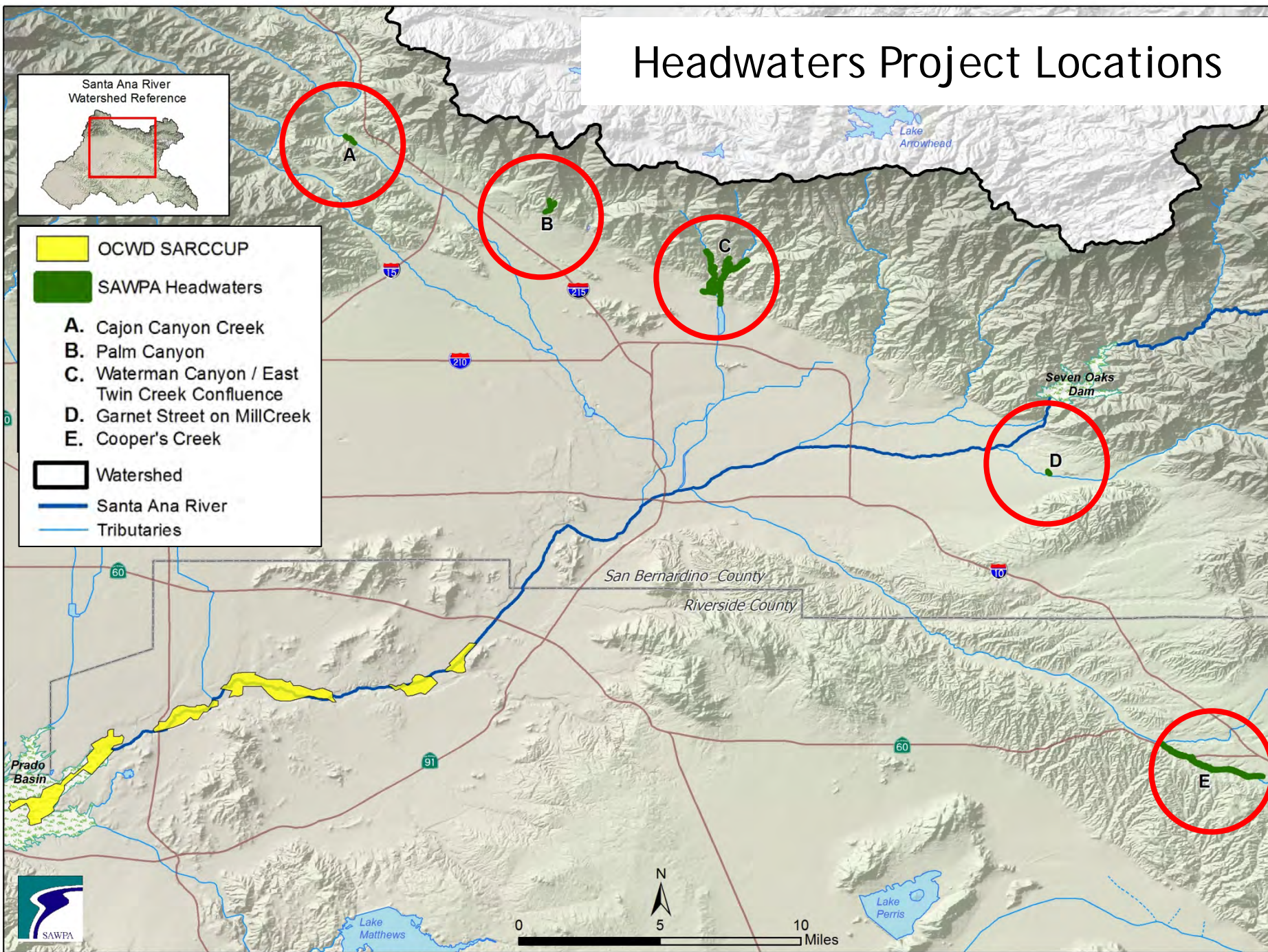
# What is Arundo donax?

- ▶ Invasive Plant (High Rating),
- ▶ Noxious Weed,
- ▶ Uses approx. 528 gallons of water per meter annually,
- ▶ Highly combustible,
- ▶ Survives fire and thrives,
- ▶ Causes flooding by altering flow regimes, and
- ▶ No known habitat benefit.





# Headwaters Project Locations



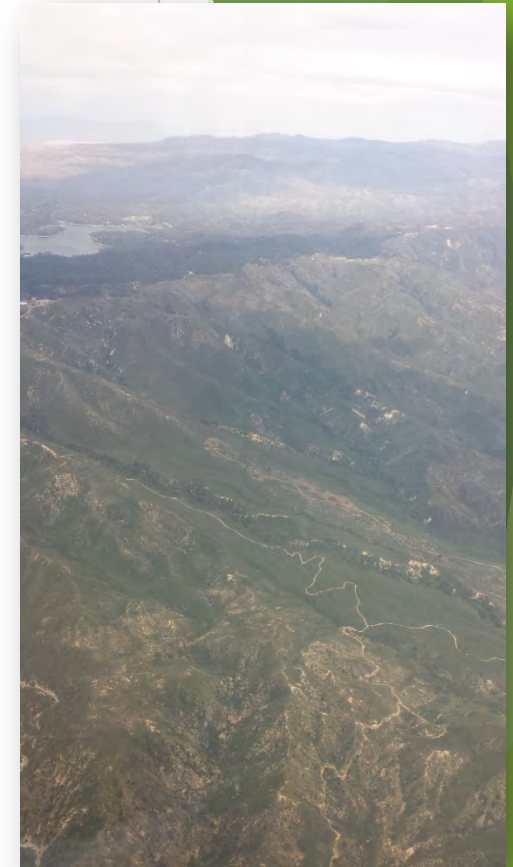
# Headwaters Project Area Stats

Project Site Name	Location	Project Site Size (Acres)	Parcels
Cajon Canyon Creek	Downstream of Keenbrook Road in Unincorporated San Bernardino County	3.82	10
Coopers Creek	Downstream of Velie Avenue in the City of Beaumont to the confluence with San Timoteo Creek	115	55
Mill Creek (Along Garnet Street)	East of Garnet Street along Mill Creek in Unincorporated San Bernardino County	2	6
Palm Canyon	0.3 Miles downstream of Forest Road 2N49 in Unincorporated San Bernardino County to 0.3 Miles upstream of North Magnolia Avenue in the City of San Bernardino	12.7	18
Waterman Canyon & East Twin Creek Confluence	Upstream of East 40 <sup>th</sup> Street in the City of San Bernardino and Unincorporated San Bernardino County	167.4	28
<b>Total</b>		<b>297.1</b>	<b>117</b>



# Why Headwaters Are An Important Focus-Area for Arundo Removal

- ▶ Arundo seedlings can wash down waterways during rain events,
- ▶ Starting at top of watershed and working down is economical, and
- ▶ Right-of-entry agreements in upper watershed difficult to acquire but worth investment.





Overall Assignment

Acquire Access



Survey for Arundo



Individual Tasks

Parcel data queries

Meet/call with parcel owners

Take note of current and planned activities

Measure Arundo stands

Complete survey reports

Final Deliverable

Signed entry agreements

Quantification of Arundo



# Procurement Process and Project Partners

- ▶ SAWPA initially sought SAWA, resource conservation districts and non-profits to handle access agreements,
- ▶ SAWPA received three quotes/responses to comply with the February 2020 SAWPA procurement policy,
- ▶ SAWPA interviewed the individual Project Partners staff who will be lead in implementing Project,
- ▶ Project Partners had the most relevant experience in working with parcel owners and developers, and
- ▶ Project Partners has experience in parcel owner queries and explaining complex projects to the public.



# Existing SAWA Task Order

- ▶ Surveying cost is \$15,000,
- ▶ Survey sites once access is approved by landowners - verify the amount of Arundo and any obstructions to removal, and
- ▶ Next steps: After access and surveys, prepare for removal by another task order.



# Important Considerations on Headwaters Project

- ▶ SAWPA is not required to remove Arundo donax in these areas,
  - ▶ Although to implement the Commission Resolution No. 427, SAWPA should remove Arundo in the watershed,
- ▶ Funding is available in SAWPA's Arundo Fund budget for this work,
- ▶ Some of the other downstream Arundo "hot spots" in the watershed are being treated by other entities, and
- ▶ Task Order with Project Partners has a one-year schedule.

# Next Steps

- ▶ Reoccurring check-in meetings with Project Partners,
- ▶ SAWPA to brief staff representing overlying county supervisors and city councils,
- ▶ Project partners to contact parcel owners,
  - ▶ Brochure material on Arundo removal and replanting will be provided,
- ▶ Reoccurring contact and meetings will likely be necessary, and
- ▶ Can quantify total water savings when in-person surveying of Arundo is complete.



# Recommendation

It is recommended that the Commission approve Task Order PRO387-01 in the amount of \$23,800 for Project Partners, Inc. to attain right of entry to parcels containing *Arundo donax*.

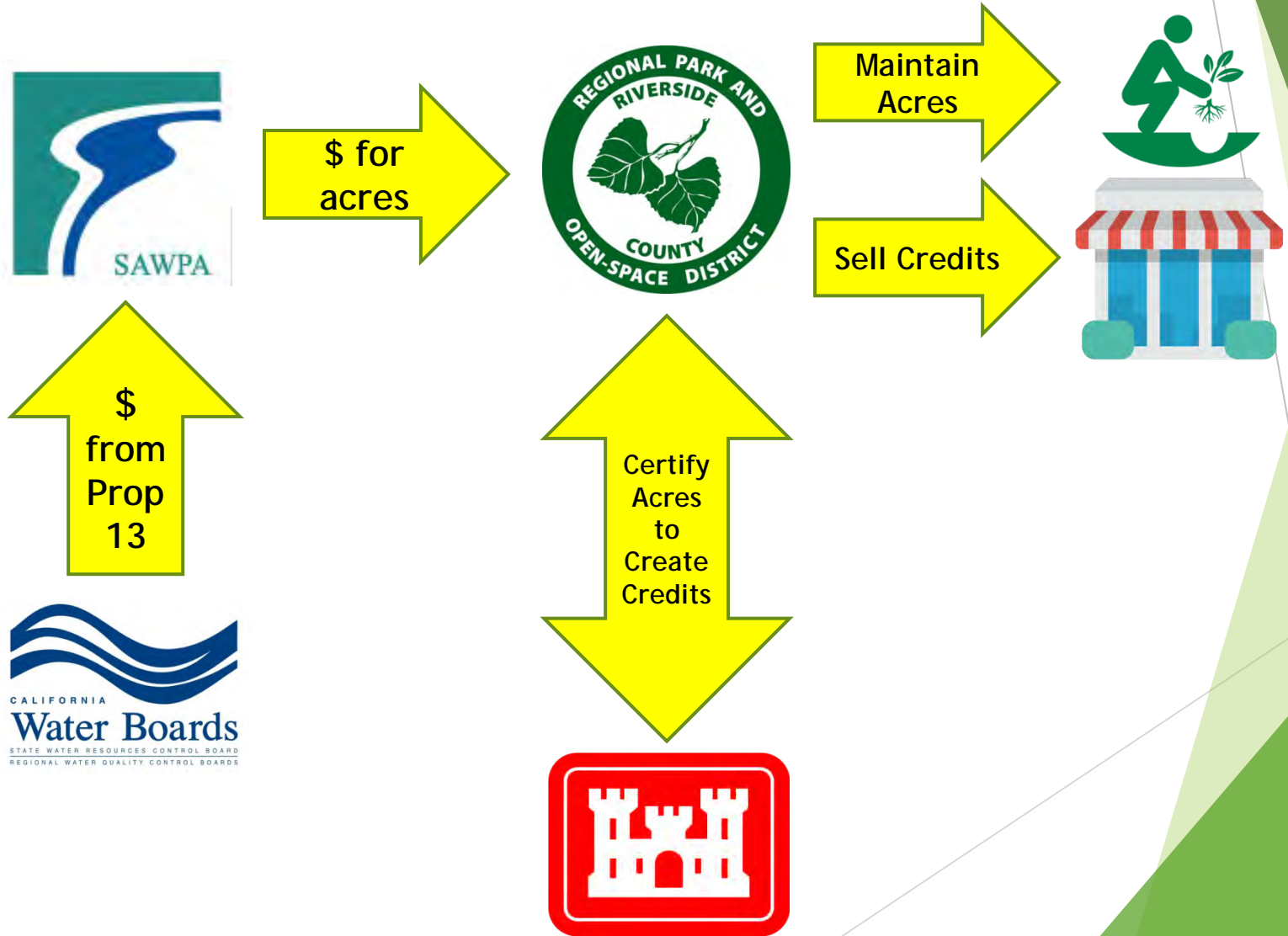
**Further Background if Needed**

# How the Mitigation Bank Works

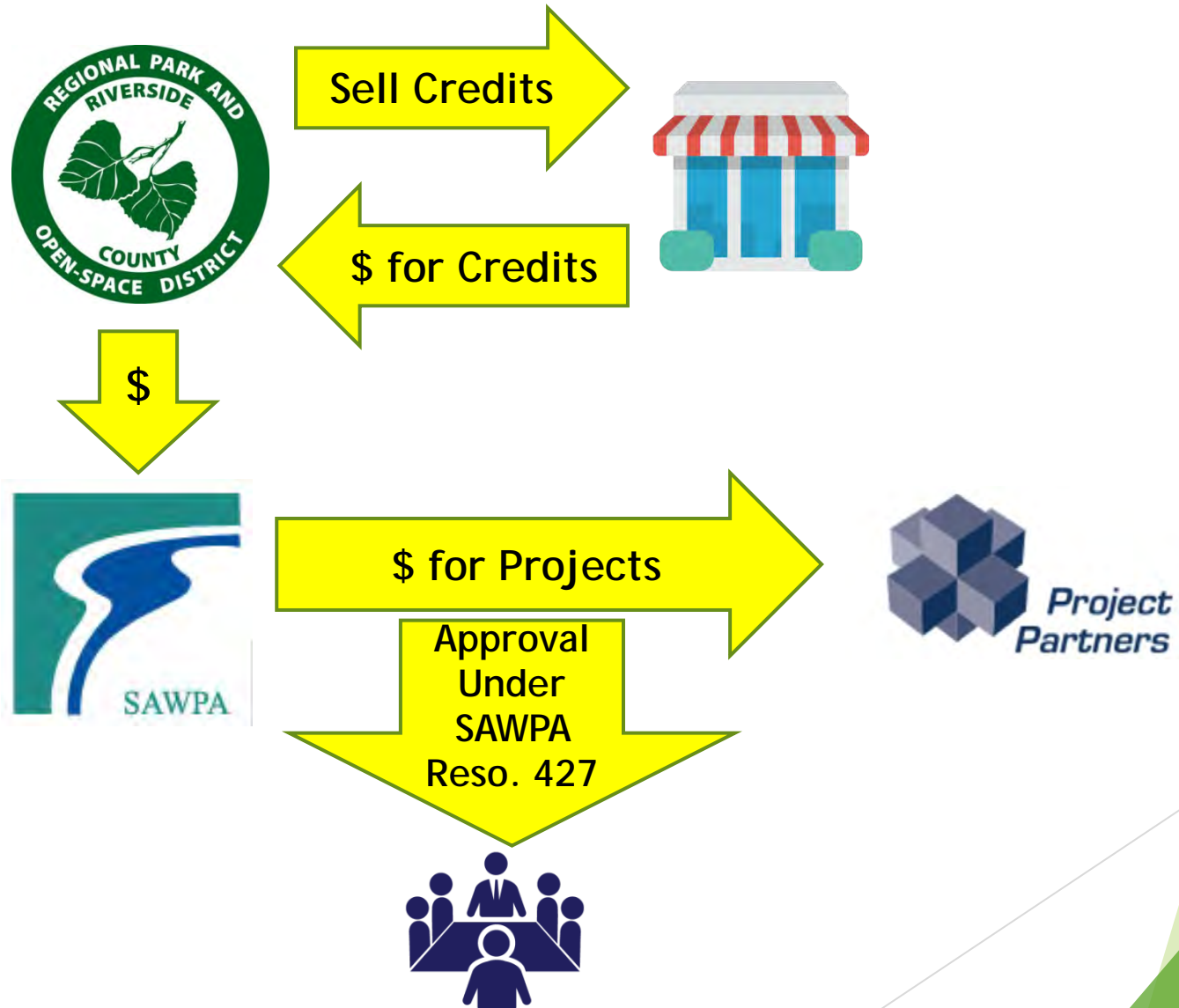
- ▶ Operated by Riverside County Regional Park and Open-Space District,
- ▶ Created in 1996 with Army Corps of Engineers, and
- ▶ SAWPA purchased 100 units in 2002 as part of Proposition 13 (2000 Water Bond)



# SAWPA's Funding Initially Provided to Bank



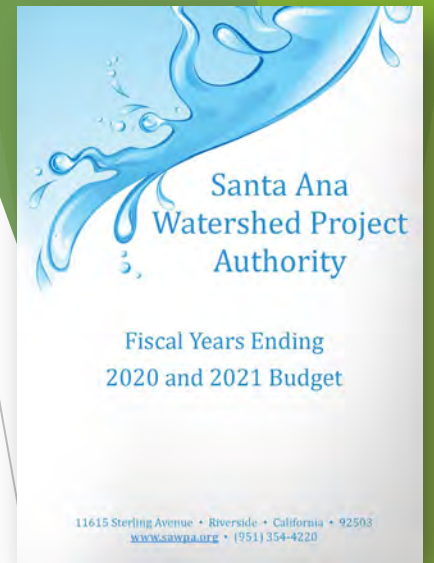
# Bank Revenue Provided to SAWPA



# Arundo Management & Habitat Restoration Fund Budget

Budget Category	FYE 2020	FYE 2021
Salaries	\$11,976	\$17,301
Benefits	\$5,463	\$7,837
Indirect Costs	\$18,021	\$26,089
Consulting	\$6,000	\$75,000
Offsite Meetings	\$800	\$800
Shipping/Postage	\$500	\$500
Program Expenses	\$10,000	\$150,000
<b>Total</b>	<b>\$52,760</b>	<b>\$277,527</b>

Note: Current total fund balance (due to mitigation bank credit sales) is approximately \$950,000.





**SANTA ANA WATERSHED PROJECT AUTHORITY  
TASK ORDER NO. PRO387-01**

**CONSULTANT:** Project Partners, Inc. **VENDOR NO.:** 1996  
 23195 La Cadena Drive, Suite 101  
 Laguna Hills, CA 92653

**COST:** **\$23,800.00**

**PAYMENT:** Upon Receipt of Proper Invoice

**REQUESTED BY:** Ian Achimore, Senior Watershed Manager November 16, 2020

**FINANCE:** \_\_\_\_\_  
 Karen Williams, Deputy GM/CFO Date

**FINANCING SOURCE:** Acct. Coding 387ARUND-60121-01  
 Acct. Description Consulting - General

**COMMISSION AUTHORIZATION REQUIRED FOR THIS TASK ORDER:** YES ( ) NO (X)

This Task Order is issued upon approval and acceptance by the Santa Ana Watershed Project Authority (SAWPA) and Project Partners, Inc. (Consultant) pursuant to the Agreement for Services between SAWPA and Consultant, entered into on August 12, 2020, expiring December 31, 2023.

**I. PROJECT NAME OR DESCRIPTION**

Headwaters Project – Access to Parcels

**II. SCOPE OF WORK / TASKS TO BE PERFORMED**

Consultant shall provide all labor, materials, and equipment for the services to support via the Scope of Work (Attached) to acquire right of entry to the parcels that contain Arundo Donax and other non-native plants in the upper Santa Ana River Watershed to prevent seeding “wash down”.

**III. PERFORMANCE TIME FRAME**

Consultant shall begin work December 1, 2020 and shall complete performance of such services by **December 1, 2021**.

**IV. SAWPA LIAISON**

Ian Achimore shall serve as liaison between SAWPA and Consultant.

**V. COMPENSATION**

For all services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **\$23,800.00**. Payment for such services shall be made monthly upon receipt of timely and proper invoices from Consultant, as required by the above-mentioned Agreement. Each such invoice shall be provided to SAWPA by Consultant within 15 days after the end of the month in which the services were performed.





# Scope of Work

## Headwaters Project – Access to Parcels

**Background on Project:** To date, the Santa Ana Watershed Project Authority (SAWPA) has implemented Arundo Donax invasive weed removal projects that cover approximately 6,000 acres in the Santa Ana River Watershed saving an estimated 43,000 acre feet of water per year. Various field and aerial surveys conducted by SAWPA and other public agencies have verified that there is re-growth in old invasive weed project sites as well as new areas. A 2015 aerial flight conducted by the U.S. Army Corps of Engineers detected 343 acres of Arundo Donax in the watershed, which is 0.01% of the total watershed area. Based on the 2000 report Distribution of Arundo donax in Coastal Watersheds of Southern California, staff estimates that 0.9% (1,600 acres) of the watershed was covered with Arundo at the time of the report.

As Arundo Donax seedlings can wash down streams during rain events, staff has worked with the Santa Ana Watershed Association (SAWA) on measuring Arundo Donax using aerial imagery in several upper Santa Ana River Watershed sites. SAWA has experience in removing Arundo Donax and managing native re-vegetation projects beginning in 2000 when they were a project partner on SAWPA's Southern California Integrated Watershed Program.

SAWPA is now seeking consultant support via the scope below to acquire right of entry to the parcels that contain Arundo Donax and other non-native plants in the upper Santa Ana River Watershed to prevent seedling "wash down". These sites, identified in Table 1, are located in the western portions of San Bernardino and Riverside counties.

**Consultant Scope:** Perform parcel owner queries and work with third-party parcel owners in project site areas (see Table 1 below) by getting them to sign the SAWPA provided right of entry agreement, or if they already have existing right of entry templates, work with SAWPA to execute agreements.

Third party contact information should be acquired by the consultant (such as county assessor records) in order to contact them and receive their signature of the SAWPA provided right of entry agreements. The consultant shall take special care to denote the current activities, or planned activities to occur on the third party owned properties.

The consultant should also be prepared to meet with third-party owners to describe the type of work SAWPA will perform on their properties (Arundo Donax removal and re-vegetation efforts), sharing SAWPA-provided materials to educate third-party owners, visiting sites to meet with SAWPA and third party owners, and review of any possible third-party conditions for access such as entry gates.

### **Deliverables:**

- A. Excel based tracking sheet with project site name, property owner information, APN, property size, any potential access issues, current activities and planned activities on parcel (like development).
- B. Signed right of entry agreements with each of the parcel owners for those parcel owners who do not have right of entry agreement templates
- C. Work with SAWPA to execute right of entry agreements with parcel owners who have their own processes.

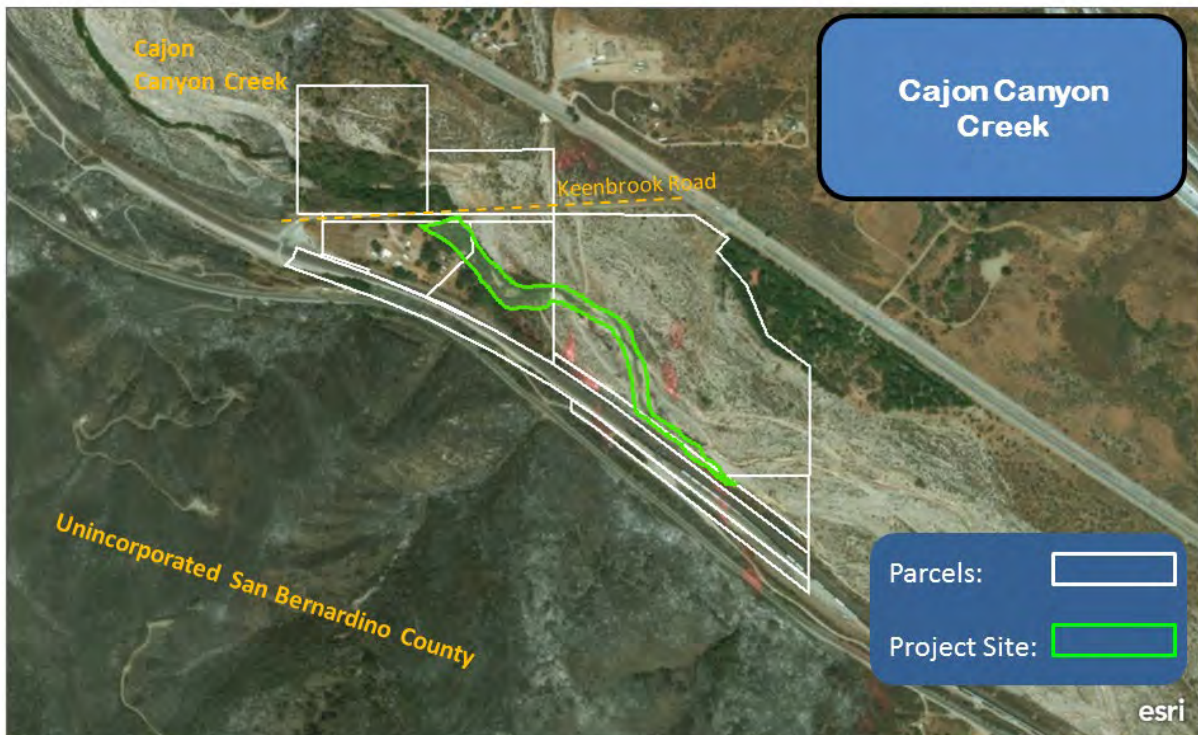
**Timeframe:** Six months after execution of agreement with SAWPA.

# Scope of Work

**Table 1: Project Site Areas**

Project Site Name	Location	Project Site Size (Acres)
Cajon Canyon Creek	Downstream of Keenbrook Road in Unincorporated San Bernardino County	3.82
Coopers Creek	Downstream of Velie Avenue in the City of Beaumont to the confluence with San Timoteo Creek	115
Mill Creek (Along Garnet Street)	East of Garnet Street along Mill Creek in Unincorporated San Bernardino County	2
Palm Canyon	0.3 Miles downstream of Forest Road 2N49 in Unincorporated San Bernardino County to 0.3 Miles upstream of North Magnolia Avenue in the City of San Bernardino	12.7
Waterman Canyon and East Twin Creek Confluence	Upstream of East 40 <sup>th</sup> Street in the City of San Bernardino and Unincorporated San Bernardino County	167.4
<b>Total</b>		<b>297.1</b>

**Project Sites Maps (KMZ Files Available from SAWPA)**



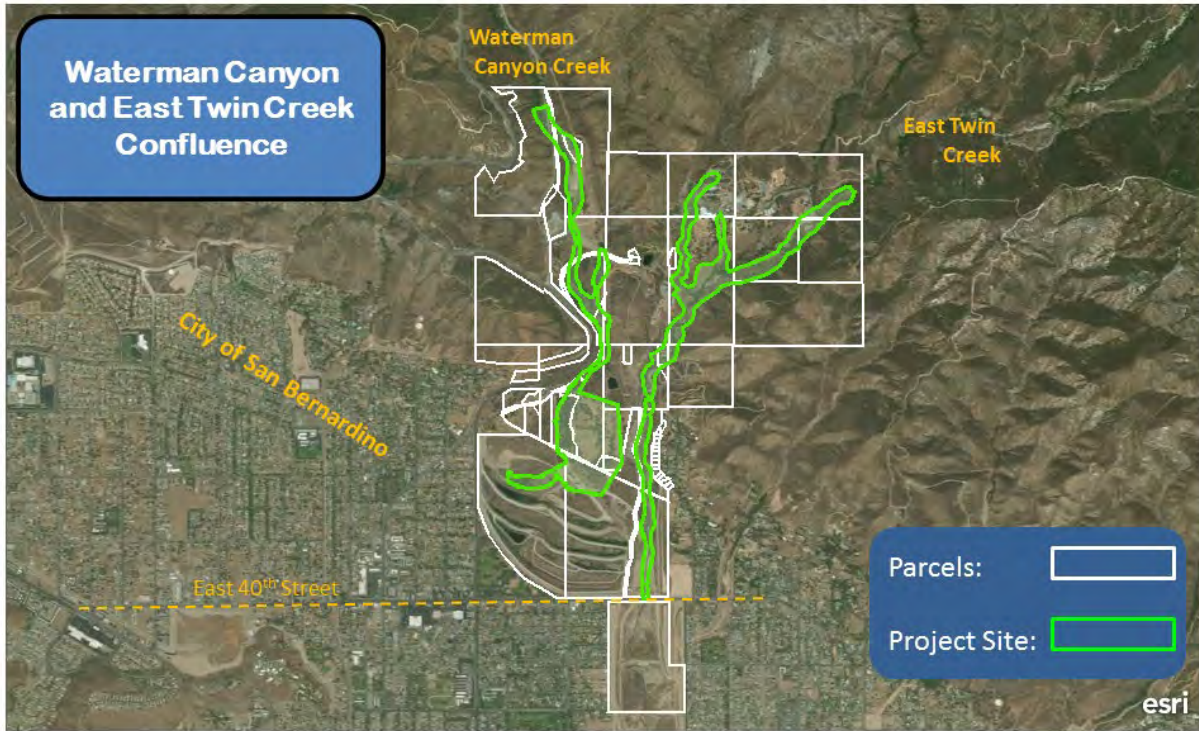
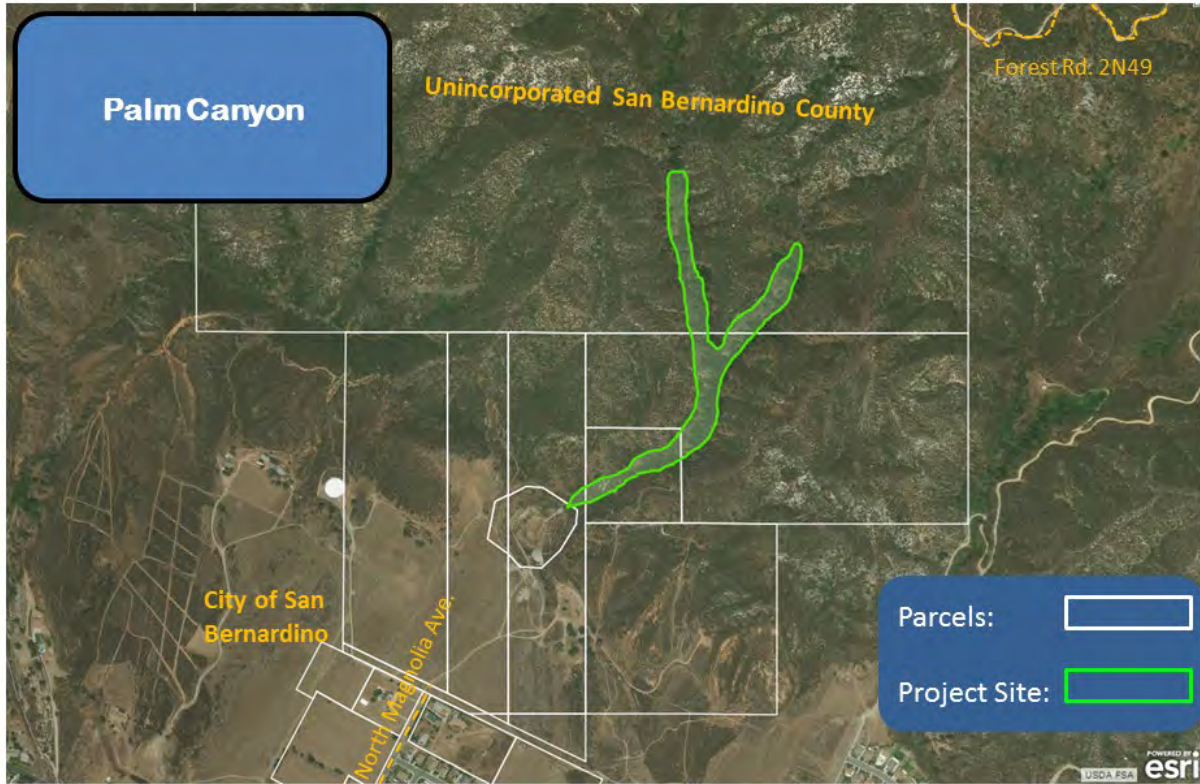


# Scope of Work





# Scope of Work



**Fee Schedule for Headwaters Project – Access to Parcels**

Project Partners, Inc.

<b>Proposed Project Partners Staff</b>	<b>Hourly Billing Rate for 2020</b>	<b>Estimated Budget</b>
Watershed Manager	\$119	\$23,800

**Quote from Firm No. 1**



Mr. Mark Norton  
Santa Ana Watershed Project Authority  
Planning Manager  
11615 Sterling Avenue  
Riverside, CA 92503

September 22, 2020

SUBJECT: Proposal for Arundo Removal Project – Assistance In Gaining Right Of Entry To Private Parcels

Dear Mr. Norton,

Project Partners is pleased to submit this proposal to provide the Santa Ana Watershed Project Authority (SAWPA) with watershed management assistance for the containment of Arundo Donax and other non-native plants on privately owned parcels in the Riverside area.

### **Project Understanding and Proposal Overview**

Project Partners understands that SAWPA is seeking support for the Planning Department to acquire right of entry to identified privately owned parcels that contain Arundo Donax and other non-native plants in the upper Santa Ana River Watershed. This proposal outlines the support Project Partners will provide over a period of up to 3-4 months. Project Partners is proposing to provide an experienced augmented staff who would work closely with SAWPA staff and assist in acquiring the right of entry.

### **Scope of Work**

In order for SAWPA to effectively remove the Arundo Donax and other non-native plants in the upper Santa Ana River Watershed, project tasks will include interfacing directly with the land owners to gain right of entry to private parcels, tracking of project sites and coordinating work with SAWPA. All objectives should be measurable and achievable within the time allotted. The bullet points below summarize in greater detail the specific tasks that we believe will need to be completed for this role.

- Performing title searches of third-party parcel owners in project site areas & acquiring their contact information through use of county assessor records
- Contacting third-party parcel owners with the intent of getting them to sign a right of entry agreement for removal of Arundo Donax
- Providing detailed information to third-party parcel owners describing the type of work that will be performed on their property & educating them on the negative aspects of invasive species
- Obtaining signed right of entry agreement from third-party parcel owners, or if they already have existing right of entry templates, working to execute agreements
- Reviewing and executing any specialized conditions the third-party parcel owner requests
- Coordinating projects with the Santa Ana Watershed Project Authority and third-party parcel owners

- Tracking all project sites, project site issues, and statuses through Excel
- Interfacing with third-party parcel owners to minimize impact of works throughout the project

## **Proposed Staff**

While we anticipate this project will only require one person, we have provided three candidates for your consideration. All candidates are senior engineers with over 20 years of experience and a strong ability to work positively and effectively with the public. We have provided summaries of their experience and skillset below for your review.

### **Saul Martinez**

Saul Martinez is a senior engineer with over 20 years of experience, much of which is within the public sector. He has had extensive involvement working directly with the public, and recently held the position of Development Supervisor for the Jurupa Community Services District where he frequently met with developers, engineers, and residents to review and inform them about development projects. Additionally, Saul has overseen many land development projects that have entailed a large amount of coordination of agreements, meeting with clients and meeting with the City and County staff. Saul also has proven experience in WQMP and NPDES projects and is very familiar with remaining compliant with all Federal and state "Clean Water Act" requirements.

### **Hossein (Amir) Modarressi**

Amir Modarressi is also a senior engineer with over 25 years of experience. Amir spent much of his career with the City of Indio as an Assistant Director of Public Works and City Engineer. There his roles involved working with the public, planning, and coordinating engineering projects. He has a strong ability to work with people and is highly experienced in managing and resolving difficult and sensitive citizen inquiries and complaints. He has experience developing negotiation strategies, and is able to resolve issues associated with contract compliance. He has extensive management experience and is well versed in planning, directing, and meeting goals. Most recently he assisted the Director of Public Works for the City of Buena Park in planning projects, managing the program, and also presenting these projects to other committees.

### **Harrison Nguyen**

Harrison Nguyen is also a senior engineer with over 25 years of experience in the public sector. Harrison began his career with the Inland Empire Utilities Agency, Chino and most recently held the role of Environmental Quality Administrator at the City of Upland. He has experience overseeing environmental engineering projects that involve private developers and is comfortable interfacing with landowners. Harrison also has experience directing inspections of development sites and commercial businesses. He has extensive experience participating in planning reviews, which translates to strong communication skills. He is well versed in data manipulations of resident's parcel information for mass mailings, which would be a plus to get the project off to a speedy start.

## **Services Duration and Level of Effort**

Project Partners expects that the overall effort may take up to 200 hours. However, there is considerable uncertainty in dealing (and negotiating) with landowners and this can cause variability in the level of effort. Project Partners only bills for actual hours worked. Meaning, should the communications occur quicker, the project could be completed quicker, and



SAWPA will have significantly reduced cost. Project Partners will closely coordinate with SAWA and review progress frequently to determine if an extension or reduction in support actions are needed.

### **Billing Rate & Budget**

Project Partners billing rates for our proposed Watershed Manager Support Services is as follows:

<b><u>Proposed Project Partners Staff</u></b>	<b><u>Hourly Billing Rate for 2020</u></b>	<b><u>Estimated Budget</u></b>
<b>Watershed Manager</b>	<b>\$119.00</b>	<b>\$23,800</b>

Again, I would like to thank you for utilizing Project Partners services and as always, should you have any questions or desire additional information, please do not hesitate to call at any time. We look forward to providing continued services to you and your staff.

Sincerely,



Kimo Look, P.E.  
Project Partners



## **Saul Martinez**

### **Project Level**

Watershed Project Manager

### **Qualifications**

- *Water Engineer With Over 19 Years Of Experience*
- *Proven Experience in Managing Development Services*
- *Over a Decade of Public Sector Experience*
- *Proven Experience in Interfacing and Working with Public*
- *Strong Grading and Other Plan Checking Experience*
- *Proven Experience with WQMP and NPDES Projects*
- *Strong Written And Oral Communication Skills*
- *Team Player*

### **Relevant Experience**

*PPI assigned to the City of Orange (December 2017 to Present)  
Project Manager and Plan Check Engineer*

Plan check private and public development projects as it pertains to plan submittals to the City of Orange Water Division. Provide Project Management services to government municipalities as it pertains to Capital Improvement Projects (CIP) and provide plan inspection services. Currently providing project management services to the City of Orange CIP Project that consists of demolition of an existing water reservoir. Update AutoCAD Water Files and provide peer review of CIP Plans as it pertains to existing water related infrastructure.

*Lynn Merrill And Associates (November 2016 to December 2017)  
NPDES Project Manager*

Provide Project Management services to government municipalities as it pertains to Capital Improvement Projects (CIP), provide NPDES Construction, Industrial, Municipal and Commercial Inspections. Currently providing project management services to the City of Rialto with several CIP Projects that range from Citywide roof repair, new football field announcer's booth, ball field lights, park monument and the addition of NPDES WQMP

## **Project Partners**

**Saul C Martinez**

Summary of Qualifications

Page 2

BMP's to existing City facilities. Review and inspect private and public development WQMP BMP's prior to Certificate of Occupancy and or Notice of Completion is issued.

*Jurupa Community Services District (2014 to 2016)*

*Development Supervisor*

Oversee all new development within both City of Eastvale and City of Jurupa Valley, which entails plan checking all water and sewer plans submitted to the District. In addition supervise two Development Engineering Representatives on a daily basis. Meet with developers, engineer of record, residents to go over development projects and insure that all plans, fees and documents are submitted in a timely manner in order to meet developer's construction schedules. In addition, prepare yearly budget for the department, maintain development spreadsheets in order to keep Engineering Manager, Engineering Director, General Manager and Board Members informed of all development projects within the district.

*City of Upland CA (2008 to 2014)*

*Associate Engineer*

Public Works, Environmental Division at the present time, I am the NPDES Coordinator for the City, which requires keeping the City compliant with all Federal and State "Clean Water Act" requirements. Coordinate all NPDES Inspections, Commercial, Industrial, Municipal and Construction and insure that the reports are submitted into the MS4 Database and all required meetings, provide training to City Staff. In addition, I am responsible to perform plan check services for all plans private and CIP projects at the present time, I have completed over 800 plan checks. In addition, I perform design of plans such as Storm Drain, Street Improvement Hydrology/Hydraulic Studies, and Sewer Capacity Studies. At the present time I in the process of completing a Sewer Model of the City in order to stay compliant with Federal requirements (SSMP) and have completed a storm drain model of the entire Storm Drain Systems and Detention/Retention Basins using CivilStorm by Bentley. In addition, as the assigned Project Engineer I have completed several Capital Improvement Projects (CIP) such as Sewer Rehabilitation, Storm Drain Improvements and Berm Repair.

Also, preparation and submittal of grants, which have netted \$500,000 in grant funding. I am tasked with Development Review of all proposed projects that are submitted to the Planning Department, which consists of attending meetings, review submitted plans and reports prepare "Conditions of Approval" on all projects submitted to the Planning Commission, prepare Council Reports as required.

*City of Chino CA (2005 to 2008)*

*Associate Engineer*

Public Works Engineering Division responsible for over 50 Land Development Projects all sizes residential, commercial and industrial. The job required that as an Associate Engineer, I would attend Development Review Meetings and move them forward into Final Engineering; I would coordinate all aspects of the projects from DIF Fee calculations to final Certificate of Occupancy. In addition, I was tasked with CIP projects from meetings, preparation of Plan and Specifications Bid process, coordination of construction inspection and finalization of project.

## **Project Partners**

**Saul C Martinez**

Summary of Qualifications

Page 3

## **Other Experience**

*Crouse/Beers and Associates, Norco CA (1998 to 2005)*

*Project Engineer*

Oversee land development projects, which required coordination of agreements, budgets, and meetings with clients, City and County staff. Preparation of Tentative Tract/Parcel Maps, Earthwork estimate, Rough Grade, Precise Grade, Sewer, Water, Street Improvement Plans, Hydrology/Hydraulic Reports, Sewer Capacity Reports, and Water Capacity Reports attend Council Meetings as required. Hire and evaluate new engineers and designers and mentor them through the probation period (6 months) perform employee evaluations on assigned staff members.

## **Education**

BS California Polytechnic University, Pomona CA  
In Civil Engineering

Mount San Antonio Community College, Walnut CA- Associate of Arts  
Santa Ana Community College, Santa Ana CA- Drafting Certificate

## **Professional Licenses**

Engineer-In-Training (E.I.T.)

In the process of obtaining my Professional Engineers (P.E.) in the State of California

## **Other Skills**

Experience with Microsoft Word, Excel, PowerPoint, Microstation, AutoCAD 3D, SewerCAD, CivilStorm and H2O MAP software packages.

Certification as a Qualified SWPPP Practitioner (QSP)

Certified Erosion Sediment and Storm Water Inspector

### **Hossein (Amir) Modarressi, P.E.**

#### **Project Level**

Watershed Project Manager

#### **Qualifications**

- *Registered California Civil Engineer With Over 25 Years Of Experience*
- *Former Principal Engineer & Deputy Director Of Public Works At The City of Indio*
- *Extensive CIP Budget & Project Management Experience*
- *Strong Written And Oral Communication Skills*
- *Team Player*

#### **Relevant Experience**

*Project Partners Assigned to City of Buena Park (2019)  
Assistant City Engineer*

- Assist the Director of Public Works to plan, direct, set goals and implement City engineering projects.
- Manage the City's Capital Improvements Program including design and construction of public works projects.
- Present Public Works Department on the Planning Commission and Transportation Commission.
- Prepare new development review and conditions of approval for new developments.
- Perform plan check for the new development proposals.

*City of Indio, CA (1978 - 2007)*

*Director of Engineering and Building Services/City Engineer*

- Plan, direct, set goals and implement City engineering and building projects; direct, administer and enforce City engineering and building standards and specifications, Uniform Building Code and all City codes and ordinances relative to engineering and building; serve as City Building Official, City Engineer and City Traffic Engineer.
  - Provide leadership and direction in the development of short and long-range plans and projects; develops negotiation strategies and participate in contract negotiations relative to new and existing capital improvement projects; administer engineering and construction contracts and resolve issues associated with contract compliance.
  - Resolve complex and sensitive customer service issues and resolve disputes; enforce local ordinances and interpret City codes and master plans.
-

## **Project Partners**

**Hossein Modarressi, P.E.**

Summary of Qualifications

Page 2

- Serve as policy advisor to the City Manager and City Council on matters related to engineering and building services; prepare and present strategies and recommendations to the City Council, boards and commissions, and community groups.
- Manage staff and operations of the Department; develop and administer annual operating budget; direct implementation of department goals, objectives, policies and procedures; manage acquisition of grants and other external funding to supplement the City's Capital Improvements Program budget. Direct, supervise and participate in approving engineering and building plans for projects including but not limited to construction of buildings, roads, bridges, water mains and water facilities systems, traffic signals and street lighting; perform plan checks and field engineering and construction staking; determine work procedures, prepare work schedules and expedite workflow.

### *Deputy Director of Public Works/City Engineer*

- Assist the Director of Public Works to plan, direct, set goals and implement City engineering projects; direct, administer and enforce City engineering standards and specifications, and all City codes and ordinances relative to engineering; serve as City Engineer and City Traffic Engineer.
- Manage the development of short and long-range plans and projects; develops negotiation strategies and participate in contract negotiations relative to new and existing capital improvement projects; administer engineering and construction contracts and resolve issues associated with contract compliance.
- Resolve complex and sensitive customer service issues and resolve disputes; enforce local ordinances and interpret City codes and master plans.
- Serve as policy advisor to the Director of Public Works on matters related to engineering services.
- Manage the daily operations of the engineering division; manage acquisition of grants and other external funding to supplement the City's Capital Improvements Program budget. Supervise and participate in approving engineering plans for projects including but not limited to construction of roads, bridges, water mains and water facilities systems, traffic signals and street lighting; perform plan checks and field engineering and construction staking; determine work procedures, prepare work schedules and expedite workflow.

### *Principal Civil Engineer*

- Plan, direct, set goals and implement City engineering projects; direct, administer and enforce City engineering standards and specifications, and all City codes and ordinances relative to engineering; serve as City Engineer and Traffic Engineer.
- Manage the development of short and long-range plans and projects; develops negotiation strategies and participate in contract negotiations relative to new and existing capital improvement projects; administer engineering and construction contracts and resolve issues associated with contract compliance.
- Resolve complex and sensitive customer service issues and resolve disputes; enforce local ordinances and interpret City codes and master plans.

## **Project Partners**

**Hossein Modarressi, P.E.**

Summary of Qualifications

Page 3

## **Education**

BS Iowa State University, Ames  
Civil Engineering

BS Iowa State University, Ames  
Engineering Operation

## **Professional Certification**

- Registered Civil Engineer in State of California with RCE # C 57479
- Transportation Planning for Air Quality, UCR
- Nuclear Surface Moisture-Density gauge
- E.I.T. License No. XE064381 State of California

## **Professional Affiliation**

- Member of Transportation Advisory Committee at Riverside County Transportation Commission
- Member of Technical Transportation Advisory Committee at Coachella Valley Association of Governments
- Member of NPDES Task Force for the eastern Riverside County
- Member of PM10 Technical Working Group at Coachella Valley Association of Governments
- Member of American Public Works Association
- Member of American Water Works Association

## **Professional Skills**

- Broad experience in technical and/or management positions for implementing local, state and federal codes and standards.
- Ability to work with people and professional communities to achieve common goals. Served as chairman to Technical Transportation Advisory Committee at Coachella Valley Association of Governments.
- Experience in managing and resolving difficult and sensitive citizen inquiries and complaints.
- Ability to prepare a department budget that is conducive to the overall City's fiscal responsibility.
- Applied technical and management experience in all facets of development of commercial and residential projects.
- Ability to obtain grants or acquisition of regional, state and/or federal funds to supplement the City's Capital improvements programs.

### **Harrison Nguyen, P.E.**

#### **Project Level**

Watershed Project Manager

#### **Qualifications**

- *Senior Engineer With Over 27 Years of Public Experience*
- *Proven Experience With Recycled Water And Sewer Lines, Storm Drains, And Underground Utility Plans*
- *Extensive Experience in Interfacing And Working With The Public*
- *Certified Professional Civil Engineer In California*
- *Strong Written And Oral Communication Skills*
- *Team Player*

#### **Relevant Experience**

*City of Upland (2008-2019)*

*Environmental Quality Administrator (2010-2019)*

Administered the uses of the city's storm drains, recycled water (RW) and sewer lines. Oversaw various environmental engineering projects, including evaluations of private developers' Low Impact Development BMPs and Water Quality Management Plans, determination of developers' conditions of approval for RW use and disposals of stormwater and sewerage, planning for sewer rehab and flushing projects, preparation of bidding documents, and management of contractor's sewer rehab construction. Oversaw field compliance inspections and reporting of stormwater runoff (NPDES) and non-domestic wastewater discharge, including inspections of development sites during construction and commercial businesses. Oversaw developments of the stormwater collection system's and sewerage system's hydraulic model, by Bentley StormCAD and SewerCAD. Oversaw the landfill's post closure compliance monitoring. Developed guidelines for RW use in the city; managed constructions of several city's RW lines connected to the regional RW main; converted public/private potable irrigation usages to RW usages. Reviewed utility plans to determine best routes to extend RW supply to recharge basins and various locations for landscape irrigation. Participated in various planning and hydraulic reviews for piping and basin development for ground water recharges. Performed a variety of admin tasks, including developments of RW and sewer service rates, sewer service rate billing audits, data manipulations of residents' parcel information for mass mailings of service rate notices per Prop. 218 requirements.



## **Project Partners**

Harrison Nguyen, P.E.

Summary of Qualifications

Page 2

### *Sr. Utilities Engineer (2008-2010)*

Planned for the 15-inch recycled water main constructed through the city, including reviews of underground utility plans, alignment determination, reviews of hydraulic studies and pressure control points for usages at various locations along alignment, design plan checks and field verifications. Reviewed plans of water mains and pumping stations for accuracy in support of the creation of the city's potable water supply hydraulic model used to determine best routes to supply water to new developments and to supply water among various pressure zones. Developed the city's energy conservation plans to obtain a federal grant to construct the solar parking shade structure at the city's public work yard, worked with electrical and structural consultants to prepare construction documents and specifications for public biddings. Managed the solar shade structure construction and its federal grant.

### *Inland Empire Utilities Agency, Chino (1993-2008)*

*Associate Engineer and Senior Engineer*

Served as project engineer to review and approve industries' sewer line designs and connections to the Agency's industrial wastewater collection system. Developed scopes of work for designs or rehabilitations of the Agency's collection system. Classified industries' wastewater discharges per EPA categories and applied the applicable EPA treatment standards or local limits on industries' discharges to the Agency's sewer system. Oversaw issuances of industrial wastewater discharge permits in the Agency's service region and local cities. Reviewed hydraulic designs of open-channel flow meters to measure industrial wastewater discharge. Evaluated industries' wastewater generating processes and pretreatment facilities, and calculated numerical discharge limits for the EPA regulated pollutants. Developed wastewater discharge permits issued to industries. Reviewed permits drafted by local cities; Developed the Microsoft Access wastewater discharge database. Compiled industrial or regional wastewater discharge data, per each pollutant, for compliance evaluation at certain discharge points to other sewerage agencies or for the Agency's treatment and reuse as recycled water.

## **Education**

MS     California State Polytechnic University, Pomona, CA  
Civil Engineering focus, 2002

BS     University of California, Los Angeles, CA  
Civil Engineering, 1993

## **Professional License/Certification**

- CA Professional Civil Engineer, License No. C69622
- Const. Gen. Permit Qualified SWPPP Practitioner (QSP), by CASQA Cert. No. 20965
- Const. Gen. Permit Qualified SWPPP Developer (QSD), by State Water Res. Cont. Board Cert. No. C69622

**Quote from Firm No. 2**

**From:** [Kevin Case](#)  
**To:** [Ian Achimore](#); [Steve Orta](#)  
**Subject:** RE: Quote for Headwaters Access Project  
**Date:** Wednesday, September 9, 2020 8:12:43 AM  
**Attachments:** [image001.png](#)

---

Hi Ian,

See my proposal below in your grid

Is Your Firm Able to Perform All Portions of the Scope within Timeframe Listed In Attached Scope	(Y or N) Y
Billable Rate(s) for Those Who Would Implement Scope	\$ \$61.00
Total Hours Worked	# 1000
Other Costs That Affect Total Project Costs and What They Represent	\$ \$1,660 for Gas and Cell Phone
Total Project Costs	\$ \$66,100

## Kevin Case

SVP & Partner  
US Expansion

Corporate East: [27 W. Lemon Street, Lancaster, PA 17603](#)

Corporate West: [1207 Lomita Blvd. Suite 201, Harbor City, CA 90710](#)

M (732) 575-5826 | [kevin.case@empireworkforce.com](mailto:kevin.case@empireworkforce.com)



Empire Workforce Solutions is the partner of choice, providing hard working employees with safe and meaningful opportunities.

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**From:** Ian Achimore <[IAchimore@sawpa.org](mailto:IAchimore@sawpa.org)>  
**Sent:** Wednesday, September 9, 2020 9:30 AM  
**To:** Steve Orta <[steve.orta@empireworkforce.com](mailto:steve.orta@empireworkforce.com)>  
**Subject:** Quote for Headwaters Access Project

Hello Steve,

SAWPA is looking for a consultant to complete the attached scope. I also attached KMZ files for each of the 5 sites, as well as two ownership searches SAWPA did in September 2018 (excel doc), and the Santa Ana Watershed Association did in part in June 2020 (PDF doc).

In order to provide a quote, can you please complete the table below:

Is Your Firm Able to Perform All Portions of the Scope within Timeframe Listed In Attached Scope	(Y or N) Y
Billable Rate(s) for Those Who Would Implement Scope	\$ \$61.00
Total Hours Worked	# 1000
Other Costs That Affect Total Project Costs and What They Represent	\$ \$1,660 for Gas and Cell Phone
Total Project Costs	\$ \$66,100

If we accept your quote we would have to enter into a General Services Agreement. A Task Order for this specific work would also be need to be executed.

Please let me know if you have any questions.

Thanks,

Ian

Ian Achimore  
Senior Watershed Manager  
Santa Ana Watershed Project Authority  
[iachimore@sawpa.org](mailto:iachimore@sawpa.org) | Work: (951) 354-4233 | Cell: (951) 202-5277

**Quote from Firm No. 3**

**From:** [Magen Ruiz](#)  
**To:** [Ian Achimore](#)  
**Subject:** RE: Terms & Condition  
**Date:** Thursday, October 22, 2020 12:01:35 PM  
**Attachments:** [image001.png](#)  
[image010.png](#)  
[image011.png](#)  
[image012.png](#)  
[image013.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)

Third firm not able to provide services

Hello Ian,

I have made some calls, but it looks like I do not have anyone in my database that would be qualified. Let me know if you want me to open full recruitment, I'm happy to give it my best shot.

Thank you,



**Magen Ruiz**  
**Staffing Supervisor**  
**Adr** 3590 Central Ave. Riverside CA 92506  
**Ph** 951-788-7900  
**Fx** 951-788-1676  
**Wb** [www.riversidepersonnel.com](http://www.riversidepersonnel.com)

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**From:** Ian Achimore <[IAchimore@sawpa.org](mailto:IAchimore@sawpa.org)>  
**Sent:** Wednesday, October 21, 2020 8:27 AM  
**To:** Magen Ruiz <[magen@riversidepersonnel.com](mailto:magen@riversidepersonnel.com)>  
**Subject:** RE: Terms & Condition

Hi Magen,

Great thank you, I will look this over. Here is the scope of work and related files I mentioned. I attached KMZ files for each of the 5 project areas, as well as two ownership searches SAWPA did in September 2018 (excel doc), and the Santa Ana Watershed Association did in part in June 2020 (PDF doc). Please let me know if you would like to discuss.

Ian Achimore  
(951) 354-4233

---

**From:** Magen Ruiz <[magen@riversidepersonnel.com](mailto:magen@riversidepersonnel.com)>

**Sent:** Tuesday, October 20, 2020 5:29 PM  
**To:** Ian Achimore <[IAchimore@sawpa.org](mailto:IAchimore@sawpa.org)>  
**Subject:** Terms & Condition

Hello Ian,

Thank you for reaching out! I have attached our terms and conditions for you to review. To begin the temp/temp-to-hire process, I would need pages 6-8 signed and returned. The remaining pages would not be needed unless you hire one of our candidates. on contract, our hourly bill rate will include the employee's pay, sick pay (if on our payroll long enough to qualify), a portion of their medical benefits (if on our payroll long enough to qualify), payroll taxes, unemployment insurance and our fee.

If you think of any questions, please let me know. I look forward to working with you!

Thank you,



**Magen Ruiz**  
**Staffing Supervisor**  
**Adr** 3590 Central Ave. Riverside CA 92506  
**Ph** 951-788-7900  
**Fx** 951-788-1676  
**Wb** [www.riversidepersonnel.com](http://www.riversidepersonnel.com)

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## RESOLUTION NO. 427

### RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY DIRECTING THE GENERAL MANAGER TO ESTABLISH A POLICY ON THE DISBURSEMENT OF FUNDS COLLECTED FROM MITIGATION BANK CREDIT SALES

WHEREAS, on March 7, 2000, the electorate of the State of California voted to approve Proposition 13, the Costa-Machado Water Act of 2000 (Act) containing the Southern California Integrated Watershed Program (SCIWP) (California Water Code Sections 79104.20 through 79104.34), providing \$235 million for local assistance grants; and

WHEREAS, the State Legislature has appropriated funds to the State Water Resources Control Board (SWRCB) to be allocated to the Santa Ana Watershed Project Authority (SAWPA) for projects to rehabilitate and improve the Santa Ana River Watershed; and

WHEREAS, on September 20, 2001, the SWRCB authorized the Executive Director or designee to negotiate, execute and amend contracts with SAWPA to provide funding for one project from the SCIWP, titled Arundo Removal Program; and

WHEREAS, on April 23, 2003, SAWPA purchased 100 acres of Mitigation Bank Credit pursuant to an agreement with the Riverside County Park and Open Space District to and as part of the Arundo Removal Program; and

WHEREAS, it is the intent of the SWRCB and SAWPA that the proceeds from the sale by SAWPA of such Mitigation Bank Credits are to be used for the removal of Arundo and other non-native invasive plants in the Santa Ana River Watershed; and



WHEREAS, by this resolution SAWPA intends to adopt a policy consistent with the foregoing intent.

NOW, THEREFORE, BE IT RESOLVED by the Commission of the SANTA ANA WATERSHED PROJECT AUTHORITY as follows:

That the SAWPA Commission hereby establishes a Habitat Restoration Fund Policy attached hereto as Exhibit "A" to ensure that proceeds of sales of Arundo Mitigation Bank credits are used in a manner consistent with those envisioned by the Southern California Integrated Watershed Program and the Integrated Watershed Plan as outlined above and in the attachment.

APPROVED AND ADOPTED THIS 18<sup>th</sup> day of May, 2004.

SANTA ANA WATERSHED PROJECT AUTHORITY

By:   
Chairman of the Commission

Attachment: Exhibit A

<b>Policy Name</b>	Habitat Restoration Fund
<b>Policy Number</b>	04-03
<b>Date/Authorized</b>	5-18-04



## EXHIBIT A

**Policy Name:** Habitat Restoration Fund Administration  
**History:** Effective May 18, 2004  
**Application:** Disposition of Funds Generated from the Sale of Arundo Mitigation Bank Credits

### PURPOSE:

This policy is intended to clarify, explain and provide guidance on the management of funds generated by the sale of Arundo Mitigation Bank credits as part of the Southern California Integrated Watershed Program, Arundo Removal Program.

### BACKGROUND:

As part of the SCIWP, SAWPA purchased 100 acres of Arundo Mitigation Bank credits from the Riverside Park and Open Space District (District). The terms of this Agreement are summarized in Amendment No. 1 of the Grant Funding Contract between SAWPA and the District. SAWPA purchased the 100 habitat units for \$4 million and the District will sell those units as broker on behalf of SAWPA for the current price of \$45,398 per habitat unit, less a 2% administrative fee deducted from the total price. As part of the Arundo removal agreement with the SWRCB, the proceeds of the sale of Arundo Mitigation Bank units are to be used for the removal of additional Arundo and other heavy water using invasive plants within the watershed and to prevent Arundo reinfestation in areas where Arundo has already been removed, as well as related habitat and wetland efforts, so long as funds are available.

### POLICY:

Upon receipt of funds from the District generated from the sale of SAWPA-owned Mitigation Bank Credits, SAWPA shall deposit such funds into a segregated account for the purpose of funding the removal of Arundo and other heavy water using invasive plants within the watershed and to prevent Arundo reinfestation in areas where Arundo has already been removed, as well as related habitat and wetland efforts, so long as funds are available. This segregated, account will be included in the SAWPA budget. The account will accrue interest.

The funds in that account will not be disbursed until after July 1, 2005 or a date following the close-out of the SCIWP Arundo Program. SAWPA administrative costs related to this account and the plant removal program will be deducted from the account.

Any project related expenditures from the account shall be approved by the SAWPA Commission to ensure consistency with the purpose of the Habitat Restoration Fund and the Integrated Watershed Plan.

## COMMISSION MEMORANDUM NO. 2020.73

**DATE:** December 1, 2020  
**TO:** SAWPA Commission  
**SUBJECT:** Fiscal Year 2019-2020 Report on Audit  
**PREPARED BY:** Karen Williams, DGM/CFO

### RECOMMENDATION

It is recommended that the Commission receive and review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2020 and 2019, which includes the Report on Audit prepared by Teaman, Ramirez & Smith, Inc., then:

1. Accept the CAFR, including the Report on Audit as prepared by Teaman, Ramirez & Smith, Inc.;
2. Direct staff to file the Report with the respective government agencies as required by law; and,
3. Direct staff to submit the CAFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.

### DISCUSSION

As required by the State of California Government Code, all government agencies and/or special districts must contract for an independent financial audit. In addition, because SAWPA has received State Water Board grant funding, the independent audit must include additional work and reporting by the auditors, and testing of SAWPA's internal control procedures for receipt of grant funding to ensure compliance with respective State and Federal laws and regulations.

SAWPA has received the Government Finance Officers Associations (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past eleven years. Staff will submit this CAFR for the award as well. The CAFR was prepared following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). It includes three sections:

1. The Introductory Section, which provides an overview of the Agency, its background, organization, recent activities and accomplishments over the past fiscal year, local and economic conditions and forecasts, service efforts and accomplishments, and future plans.
2. The Financial Section, which includes the independent auditor's report, management's discussion and analysis, and all basic financial statements and notes to the basic financial statements.
3. The Statistical Section, which includes a number of unaudited tables and schedules that present historical trends for the past ten years, as well as demographic and other information about the Agency that is deemed relevant.

SAWPA is pleased to report that the financial statements presented herein, contain no qualifications or reportable conditions. This indicates that SAWPA's financial reporting meets generally accepted GAAP, it is compliant with applicable State and Federal laws and regulations, and internal controls are sufficient to safeguard against material errors or fraud.

Joshua Calhoun (Audit Partner) will be available to answer questions regarding SAWPA's FY 2019-20 Report on Audit (financial statements).

**RESOURCE IMPACTS**

The FY 2019-20 Audit contains no financial deficiencies to report.

Attachments:

1. FYE 2020 CAFR
2. Draft Management Report
3. Draft Internal Controls Letter





# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020 and 2019

11615 Sterling Avenue • Riverside • California • 92503  
[www.sawpa.org](http://www.sawpa.org) • (951) 354-4220

**Santa Ana Watershed Project Authority**  
**Riverside, CA**

**Comprehensive Annual Financial Report**

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**For the Fiscal Year Ended**  
**June 30, 2020 and 2019**

Prepared by the  
Finance Department

11615 Sterling Avenue, Riverside California 92503

951.354.4220 [www.sawpa.org](http://www.sawpa.org)

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# Introductory Section







# Santa Ana Watershed Project Authority

OVER 50 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP

December 01, 2020

To the Chair of the Board of Commissioners, Members of the Commission, and Member Agencies of the Santa Ana Watershed Project Authority (SAWPA):

We are pleased to present the Santa Ana Watershed Project Authority's (hereinafter referred to as "the Authority") Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

The report was prepared by the Authority's Finance Department following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including disclosures, rests with the Authority's management. We believe the data, as presented, is accurate in all material respects, and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the Authority. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the Authority.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the Independent Auditors' Report.

The Authority's financial statements have been audited by Teaman, Ramirez & Smith, Inc., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

David J. Slawson  
Chair  
Eastern Municipal  
Water District

Kati Parker  
Vice Chair  
Inland Empire  
Utilities Agency

Denis R. Bilodeau, P.E.  
Secretary-Treasurer  
Orange County  
Water District

Brenda Dennstedt  
Commissioner  
Western Municipal  
Water District

T. Milford Harrison  
Commissioner  
San Bernardino Valley  
Municipal Water District

Richard E. Haller, P.E.  
General Manager

## Reporting Entity and Its Services

### Governmental Structure

The Authority was first formed in 1968 as a planning agency, and reformed in 1972, with a mission to plan and build facilities to protect the water quality of the Santa Ana River Watershed (hereinafter referred to as “the Watershed”). The Authority is a Joint Powers Authority (JPA), comprised of the five largest water agencies in the Watershed: Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

### Service Area

The Watershed spans approximately 2,840 square miles, and spans the western portion of San Bernardino and Riverside Counties, northern portion of Orange County, as well as a small eastern sliver of Los Angeles County. It is home to over 6 million people. The Watershed, and the State as a whole, is facing many challenges in guaranteeing sufficient, high-quality water for the ever-growing population of the region. The Authority works with planners, scientists, water experts, design and construction engineers, and other government agencies to identify issues and develop innovative solutions to resolve many water-related problems.

### Vision

The Authority’s vision is a sustainable Santa Ana River Watershed that provides clean and reliable water resources for a vibrant economy and high quality of life for all, while maintaining healthy ecosystems and open space opportunities.

A successful Authority provides value to its member agencies and to the Watershed as a whole by facilitating collaboration across boundaries to address common goals and tackle problems that are larger than any individual entity.

### Mission

The Authority strives to make the Santa Ana River Watershed sustainable through fact-based planning and informed decision-making; regional and multi-jurisdictional coordination; and the innovative development of policies, programs, and projects. Our mission is accomplished through a number of specific functions:

- Maintaining peace in the Watershed;
- Facilitating conflict resolution through collaborative processes;
- Preparing an integrated watershed-wide water management plan that provides a unified vision for the Watershed;
- Operating the Inland Empire Brine Line to convey salt out of the Watershed and support economic development;
- Developing water-related initiatives, particularly those that require the participation of several entities;
- Identifying, pursuing, securing, and administering supplemental funds for the Watershed; and
- Influencing legislation for the benefit of the Watershed.

## Our Values

Our strategy and day-to-day operations are guided by values strongly held by our member agencies, management, and staff:

**Leadership** in the development and advancement of a vision and plan for a sustainable Watershed, and in the incorporation of new paradigms for water and watershed planning.

**Collaboration and cooperation** among member agencies and other stakeholders in the Watershed toward the formulation and implementation of solutions to watershed-wide, multi-jurisdictional problems.

**Creativity** in the pursuit of new approaches to watershed planning, the use of new technologies, and the enhancement of a new water ethic in the Watershed.

**Fact-based decision-making** to identify neutral and transparent solutions that maximize the benefit to the entire Watershed.

**Respect** for all voices and perspectives in the Watershed to develop sound solutions and maximize consensus building.

**Transparency, integrity and professionalism** to maintain the respect and trust of our partners, and to attract and retain talented and committed individuals to our organization.

The Authority uses a three-pronged approach to accomplish our mission with the services it offers, which are listed below.

## Inland Empire Brine Line

The Authority's enterprise includes ownership and operation of the Inland Empire Brine Line (Brine Line). The 73-mile long regional brine line is designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River Basin to the Pacific Ocean for disposal, after treatment. The Brine Line is currently used for: 1) the disposal of high Total Dissolved Solids (TDS) brine from brackish groundwater desalter operations and power plants within the region; 2) the disposal of industrial wastewater that is unacceptable for discharge into local wastewater treatment facilities, usually because of high concentrations of TDS from commercial and industrial facilities; and 3) the disposal of domestic or industrial wastewater that is managed by public agencies and which meets standards of local treatment facilities. Some users of the Brine Line have temporary or emergency needs and connect to the system for a fixed term. The Brine Line protects the water quality of the Santa Ana River, a major water source for Orange County groundwater basins.

This 47-year old utility was built as the fundamental method of salt export for the region. Historic import of water for agricultural purposes has increased the salinity of many groundwater basins within the Watershed. Removing salt by means of the Brine Line allows the Watershed to work towards achieving salt balance – a key Watershed goal and indicator of sustainability. Salt is removed from brackish groundwater by reverse osmosis desalters, which discharge the concentrated brine into the Brine Line. The treated water from the desalters is delivered for consumption as potable water. Brine disposal will be essential to support water recycling efforts and economic growth within the Watershed.

### Integrated Regional Watershed Planning

SAWPA has been involved in watershed and integrated water resource planning since its formation. The latest plan adopted in February 2019 is the Santa Ana Watershed Integrated Regional Water Management Plan (IRWMP) called the One Water One Watershed (OWOW) Plan Update 2018. The plan reflects a decentralized stakeholder involvement process that includes the participation of multiple agency and non-profit staff, local experts and interested volunteers from a broad range of fields and locations across the Watershed. This regional plan serves as a milestone of extraordinary collaboration and vision that will be used to address water challenges over the next two decades. The plan addresses climate change; water supply reliability; water and land use; water quality improvement; flood control and stormwater runoff; water use efficiency; water recycling; parks, recreation and open space; environmental justice; and environment and habitat. Through this integration of water resource management strategies along with workgroups (or pillars) designated for each strategy, scarce resources will be leveraged and cost-effective solutions will be developed to address a multiplicity of water challenges using an integrated multi-beneficial approach.

Another major component of the IRWM program under Proposition 1 is the Disadvantaged Communities Involvement (DCI) program, which SAWPA administers. This program aims to determine the strengths and needs of disadvantaged, economically distressed and underrepresented communities in the watershed through engagement and education, uncover and share the needs and capacities within the water agencies and communities, and support the technical planning to address these water needs in preparation of future implementation. Through partnership with several nonprofit organizations, the DCI team in this watershed has collected one-on-one and group interview data through an ethnographically informed process to better understand strengths and needs. When complete, this program is anticipated to be a model for pre-planning inclusion, education, and responsiveness on behalf of water agencies to address water needs of these communities across the State.

### Roundtables

The Authority has taken the lead role in establishing effective regional partnerships with the Regional Water Quality Control Board and other stakeholders in the Watershed to solve water quality problems, as well as water and natural resource problems. The Authority serves as the administrator/facilitator and creates a neutral venue for a number of efforts bringing together many agencies and organizations to address and solve a multiplicity of problems through integration and innovation.

## **Economic Conditions and Outlook**

### Local Economy

All in all, the Inland Empire turned in a strong performance in 2019, but has slowed down in 2020 due to COVID-19. It is projected that we will have a “V” shaped recovery and the economy is showing signs of improvement. Economic forecasters expect the economy to continue to improve and remain strong in the coming years due to the availability of land, the ideal location for commerce, a relatively strong manufacturing base, and affordable housing.

### Sound Financial Policies

The Authority continues to manage funds to ensure financial stability and demonstrate responsible stewardship by sustaining reasonable rates for customers, containing costs through careful planning, preserving investments, safeguarding reserves, and active debt management.

### Financial Planning

The Commission approves a biennial operating budget as a management tool. The budget is developed with input from the various departments within the organization and adopted prior to the start of each fiscal year. Monthly comparison reports of budget to actual are prepared, and quarterly budget to actual results by fund type are provided to and discussed with the Commission, along with financial position and other key performance information.

### Reserves Policy

The Authority adopted a reserve policy, which states the purpose, source, and funding limits for each of its designated reserves. The reserves are essential for maintaining liquidity in the marketplace, which enables the Authority to access the lowest cost-of-capital borrowing opportunities.

### Investment Policy

The Authority invests its funds in instruments permitted by California Government Code sections 53601 et seq., and in accordance with its investment policy. The investment objectives of the Authority are to first preserve capital, followed by maintaining liquidity, and finally, maximizing the rate of return without compromising the first two objectives.

### Debt Administration

The Authority actively manages its debt portfolio, seeking to minimize its total debt costs. This goal is met by the use of state revolving fund (SRF) loans to fund part of its capital projects. Reserves will also be used to fund capital projects.

## **Major Initiatives and Accomplishments**

Fiscal year 2019-20 was an eventful year to say the least. While the Authority administered the day-to-day operations of the JPA, operated the Brine Line Enterprise and Capital Improvement Program, administered the OWOW Program, including several grant programs, served as the Lake Elsinore & San Jacinto Watersheds Authority administrator, conducted regional planning activities, and facilitated many stakeholder task force work groups all while dealing with a global pandemic.

In March 2020 due to an ongoing COVID-19 pandemic, the California Governor and the Riverside County Public Health Officer issued orders mandating a stay at home policy and temporarily modifying Brown Act meeting requirements. SAWPA prepared and implemented a COVID-19 response plan which implemented employee protection and safety practices. Most employees began working from home using remote computer access. SAWPA's Information Technology Department rapidly acquired the necessary computer hardware and software for a rapid and nearly seamless transition. Many Brine Line customers saw short



term flow reductions into the Brine line. Overall, as of June 30, 2020, only minor revenue and expense impacts were observed. Some of the major initiatives and accomplishments for FYE 2020 are listed below.

## **Brine Line Enterprise**

### Engineering

- Completed the Reach V Rehabilitation and Improvement Project, Reaches 2 and 3. Completed the Reach V public relations program. Program was appreciated and commended by the community impacted by the Reach V work.
- Issued a request for proposal (RFQ) for Technical Writer/Grant Writer, conducted interviews, and short listed consultants approved by the Commission.
- Prepared RFP for engineering services to prepare work plan to address pipeline corrosion on portions of Reach 4D. Hired consultant to implement and investigate the work on Reach 4D, and coordinated shutdown of all brine dischargers on Reach 4D and 4E. Completed condition assessment and technical memorandum on findings from field investigation as well as rehabilitation recommendations.
- Conducted public hearing and adopted Ordinance No. 8 and Resolution 2017-11 establishing local limits.
- Continued to implement the SAWPA Pretreatment Program (PTP). Performed 88 on-site discharger inspections, 130 monitoring (or sampling) events, and reissued 19 existing permits. Additionally, 75 permits were amended to incorporate the new SAWPA local limits, 7 permits were closed, and 2 new permits were issued.
- Completed policy and procedures update and submitted draft to Orange County Sanitation District (OCSD) for review including: collection station memorandum of understanding (MOU) draft, Brine Line Stormwater Policy draft, request for permit duration increase, and submittal of the liquid wastehauler permit template.
- Prepared plans and specifications for the Santa Ana Sucker Habitat Project. Received public works bids and elected to self-perform construction.
- Evaluated the impacts from the proposed US Army Corps of Engineers Alcoa Dike Project to the Brine Line Reach 4B lower and CRC lateral.
- Represented SAWPA's interests in completion of the plans and specifications for the OCSD Santa Ana Regional Interceptor (SARI) Rock Removal Project in Orange County resulting in apparent low bid 40% less than engineer's estimate
- Conducted 25 quality assurance site visits.
- Successfully completed coordination efforts with OCSD staff preparing Amendment No. 2 to the 1972 Waste Water Capacity Agreement approved by the Commission and coordinated efforts with OCSD staff and Orange County Flood Control District in paying off the \$10 million loan deposit.

### Operations

- Received 3,632 USA Dig Alert tickets, of those, 108 tickets were marked in the field. The remaining tickets were "no conflict" and did not require field markings.
- Received 149 service requests that were completed.
- One maintenance access structure (MAS) on Reach 4A Lower has been rehabilitated to address corrosion issues.
- A total of three MAS frames and covers have been adjusted to grade.



- Installed bridges in Prado Basin to allow right-of-way maintenance and MAS inspection.
- Inspected 9 MAS on Reach 4B Lower.
- Inspected all 18 MAS on Reach 4A Lower.
- Maintained Brine Line Operations Center (BLOC).
- Overhauled a total of 54 air release and vacuum valves.
- Completed inspection of 35,000 linear feet on Reach 4D.

## **OWOW Program**

### PA 22 Committee – Water Use Efficiency

- Completed geocoding project with 17 retail water agencies who signed up to work with the project consultant, Miller Spatial to provide water meter and North American Industry Classification System (NAICS) geocoding services. This involved several meetings with the Miller Spatial project manager and company owner to ensure they had the resources and time to complete their contracted scope of creating modified water budgets for 17 retail agencies as defined under Proposition 84 Emergency Drought Grant Program.
- Began drafting final report for Proposition 84 Emergency Drought Grant Program reflecting effective management and implementation of all \$12.86 million in grant funding and \$7.1 million in match for 33 different tasks that this project entailed.
- Submitted successful WaterSMART application to the Bureau of Reclamation for the Santa Ana River Watershed-Wide Water Budget Decision Support Tool. MOU with Reclamation was developed with Reclamation to supporting investigation of aerial imagery options with the SAWPA Information System/Information Technology (IS/IT) Department and then conducted analysis of imagery for water budget creation.

### DWR Disadvantaged Community Involvement Grant Program

- Finalized execution of Department of Water Resources (DWR) Agreement Amendment and Sub-agreement Amendments with partners (California State University, Local Government Commission, California Rural Water Association, Water Education Foundation, and University of California Irvine). Amendment reflects time extension to implement the Technical Assistance task.
- Finalized execution of partner sub-agreements for 16 Technical Assistance projects.
- Completed Santa Ana River Watershed Community Water Experience: An Ethnographic Strengths and Needs Assessment based on work of non-profit partners with UCI partner as lead for the report.
- Provided translation services to support public outreach information to disadvantaged and underrepresented communities in the watershed.

### Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

- Led negotiations with DWR on the amendment request for SARCCUP Amendment No. 2 by getting DWR management's approval on the two-year schedule increase. Planning staff worked with Woodard and Curran over several months to finalize the amendment request which was submitted and approved by DWR.
- Executed new task order with Woodard & Curran for continued programmatic support of SARCCUP.

### One Water One Watershed (OWOW) and Integrated Regional Water Management (IRWM) Support

- Managed new Roundtable of Regions contract with JM Consultants and served on the Roundtable of Regions Steering Committee. Successfully managed this project by ensuring the 12 funding partners are kept apprised of the contract and ensuring JM Consultants completed tasks on time and within budget.
- Submitted the Proposition 1 Round 1 IRWM Application to DWR. The application was a half-year effort starting with signing the March 2019 contract with Dudek. After submission, the Planning Department led the process to answer DWR's various questions and responded to the Draft Funding Award as well as coordinating with DWR on the Final Funding. Full award was announced by DWR on June 4, 2020.
- Preparation began for a Santa Ana River Watershed Sustainability Assessment Report for the year 2019 using indicators and approach defined in the OWOW Plan Update 2018. Work involved updating and developing new measures to track progress across the watershed for the 12 indicators.

### Proposition 1 IRWM Implementation Grants

- Worked with Engineering Department to begin the process of preparing the DWR agreement and sub-agreements, updated scope of work, schedule and cost breakdown, and California Environmental Quality Act (CEQA) documents with 10 project proponents under this grant award.
- Engaged with DWR to influence future grant solicitation under Proposition 1 IRWM Implementation to best serve the OWOW Program and the watershed wide stakeholders.

### Santa Ana River Watershed Weather Augmentation (Cloud Seeding) Feasibility Study

- Hired consultant, North American Weather Consultants, to conduct a feasibility analysis of weather augmentation for the Santa Ana River Watershed
- Completed Task 1 and 2 Milestone Report and presented results to potentially impacted and interested agencies and organizations in watershed as well as the SAWPA Commission.

### **Stakeholder Partnering (Roundtables)**

#### Santa Ana Fish Conservation Team

- Held successful Riverwalk in November 2019 with approximately 40 volunteers, the longest running voluntary annual habitat assessment conducted in Southern California for an aquatic species
- Compiled and tabulated all 2019 Riverwalk data including a first-ever analysis of all 14 years of the dataset.
- Worked with Santa Ana Watershed Association (SAWA) to replant/manage 0.3 acres of vegetation as part of the mitigation for the habitat project constructed by the team near the Van Buren Boulevard Bridge.

#### Water Energy Community Action Network (WECAN)

- Finalized the WECAN Phase 2 Project with West Valley Water District.
- Worked with the City of Riverside to include a new WECAN Phase 3 Project component in the City of Riverside Transformative Climate Communities grant application. Submitted

to the Strategic Growth Council on February 28, 2020. SAWPA staff was informed that the City of Riverside grant application was successful in June 2020.

#### Basin Monitoring Program Task Force

- Completed update to the Santa Ana River Wasteload Allocation model using consultant, Geoscience Support Services Incorporated.
- Completed and submitted Triennial Ambient Water Quality Update for the period of 1999 to 2018 under contract with WSC.
- Prepared preliminary work for a Regional Board Basin Plan Amendment reflecting Santa Ana River Wasteload Allocation Model results and modifications to the recycled water permits to reflect longer averaging periods under drought cycles.
- Prepared and submitted the 2019 Annual Report of Santa Ana River Water Quality to stakeholders and Regional Board staff.

#### Southern California Salinity Coalition (SCSC)

- Executed funding support for a research effort being conducted by the San Diego County Water Authority (SDCWA). The project builds on Water Research Foundation (WRF) study to examine the impacts of adding ocean desalination water into water supply at different supply blends throughout SDCWA's service area.
- Embarked on an update of its logo, website and outreach materials to support an expanded membership in SCSC and greater exposure of the organization's mission and goals.

#### Lake Elsinore and San Jacinto Watersheds Authority (LESJWA)

- Prepared and submitted the 2019-2020 Annual Lake Elsinore and Canyon Lakes (LE & CL) total maximum daily load (TMDL) Water Quality Monitoring Report to the Regional Board.
- Implemented successful alum applications to Canyon Lake in September 2019 and April 2020 to reduce the phosphorus content, reduce algae and help meet the TMDL targets for the lake.
- Prepared and approved the FY 2020-21 budget for the Lake Elsinore & Canyon lake TMDL Task Force in March 2020.

#### Middle Santa Ana River TMDL

- Completed synoptic study to evaluate the effectiveness of the Comprehensive Bacteria Reduction Plans (CBRPs) implemented by MS4 (Municipal Separate Storm Sewer System) programs
- Prepared and approved the FY 2020-21 budget for the Middle Santa Ana River Pathogen TMDL Task Force, January 2020.

#### Regional WQ Monitoring Task Force

- Completed the Dry Weather monitoring component of the 2019 Santa Ana River Bacteria Water Quality Monitoring Program, November 2019.
- Prepared and submitted the 2019 Final Santa Ana River Bacteria Water Quality Monitoring Program to Regional Board, June 2019.

### Emerging Constituents Program Task Force

- Assembled and evaluated 2019 emerging constituent water quality data from local POTWs and in-stream sources to construct data tables for the 2019 annual report. Produced final 2019 voluntary emerging constituents (EC/PFAS) sampling report for the watershed and submitted to the Regional Board in April 2020.
- Supported continued public outreach and articles on the safety of public drinking water through consultant, DeGrave Communications.

### Forest First

- Staff conferred with US Forest Service hydrologist about a planned feasibility study to investigate weather augmentation of water supply through cloud seeding.
- Staff held a Forest First Workgroup meeting on August 21, 2019 whereby Dr. Lorie Srivastava presented her results from research focused on economically evaluating raw water on forest lands.

### Imported Water Recharge Workgroup

- Merged Imported Water Recharge Group as a subcommittee under the Basin Monitoring Program Task Force improved efficiency and possible future modeling cost savings.
- Supported efforts to revise the Cooperative Agreement with the execution of Amendment No. 1 to the Agreement. This amendment provides more time for recharge reporting and groundwater modeling reports thereby streamlining efforts.

### Arundo Removal and Habitat Management

- Coordinated with the Riverside County Regional Park and Open-Space District on exploring options to certify the Santa Ana River Mitigation Bank under new California mitigation banking rules.
- Began outreach to landowners for a headwaters project using the contact list and new outreach material. The headwaters project will cover removal of approximately 300 acres in the upper watershed in order to control Arundo seedlings before they washdown to the lower watershed.

### **Technology**

- Installed new hardware to support secure remote work environment.
- Improved SAWPA website for accessibility issues.
- Improved network security by penetration tests and internal phishing campaigns.
- Continued improvements in OnBase workflow by adding additional documents to support office efficiency.
- Implemented in pipe metering dashboard in coordination with Engineering and other Agencies.
- Provided Planning with maps and data to support the various task groups and projects.
- Supported Finance through updates to Great Plains (GP) financial accounting system and Journyx, the timekeeping system.
- Reviewed and issued new procurement of copiers and scanners.
- Updated geographic information system (GIS) server software.
- Updated structured query language (SQL) server software.
- Investigated drone usage for Engineering and Planning projects.
- Provided OWOW support for new commercial and industrial meter area project.

## Accounting System

The Finance Department is responsible for providing financial services for the Authority, including financial accounting and reporting, payroll, accounts payable and receivable, custody and investment of funds, billing and collection of wastewater charges, and other revenues. The Authority accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when incurred. It is the intent of the Board of Commissioners to manage the Authority's operations as a business, thus matching revenues against the cost of providing services.

## Internal Controls

The Authority operates within a system of internal accounting controls established and is continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with Authority policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls for which its value adequately exceeds its cost. Recent audits have not noted any weaknesses in internal controls.

## Audit and Financial Reporting

State Law requires the Agency to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Teaman, Ramirez & Smith, Inc. has conducted the audit of the Authority's financial statements. Their unmodified (clean) Independent Auditors' Report appears in the Financial Section.

## Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the eleventh year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year.

We believe that our current comprehensive annual financial report continues to meet the programs requirements and will submit our current June 30, 2020, report to the GFOA to determine its eligibility for a certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Authority for the two-year Budget beginning July 1, 2019. In order to receive this award, a government unit must

publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communication device.


## Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Finance Department. We also would like to express our appreciation to the other Authority Departments for their cooperation, assistance, and support.

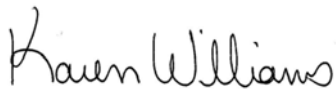
We further acknowledge the thorough and professional manner in which our auditors, Teaman, Ramirez & Smith, Inc., conducted the audit.

Additionally, we would like to acknowledge the Board of Commissioners for their continued support of the Authority's goal of sound accountable financial management, and for maintaining the highest standards of professionalism in the management of the Authority's finances. We truly appreciate their unfailing interest and support.

Respectfully submitted,



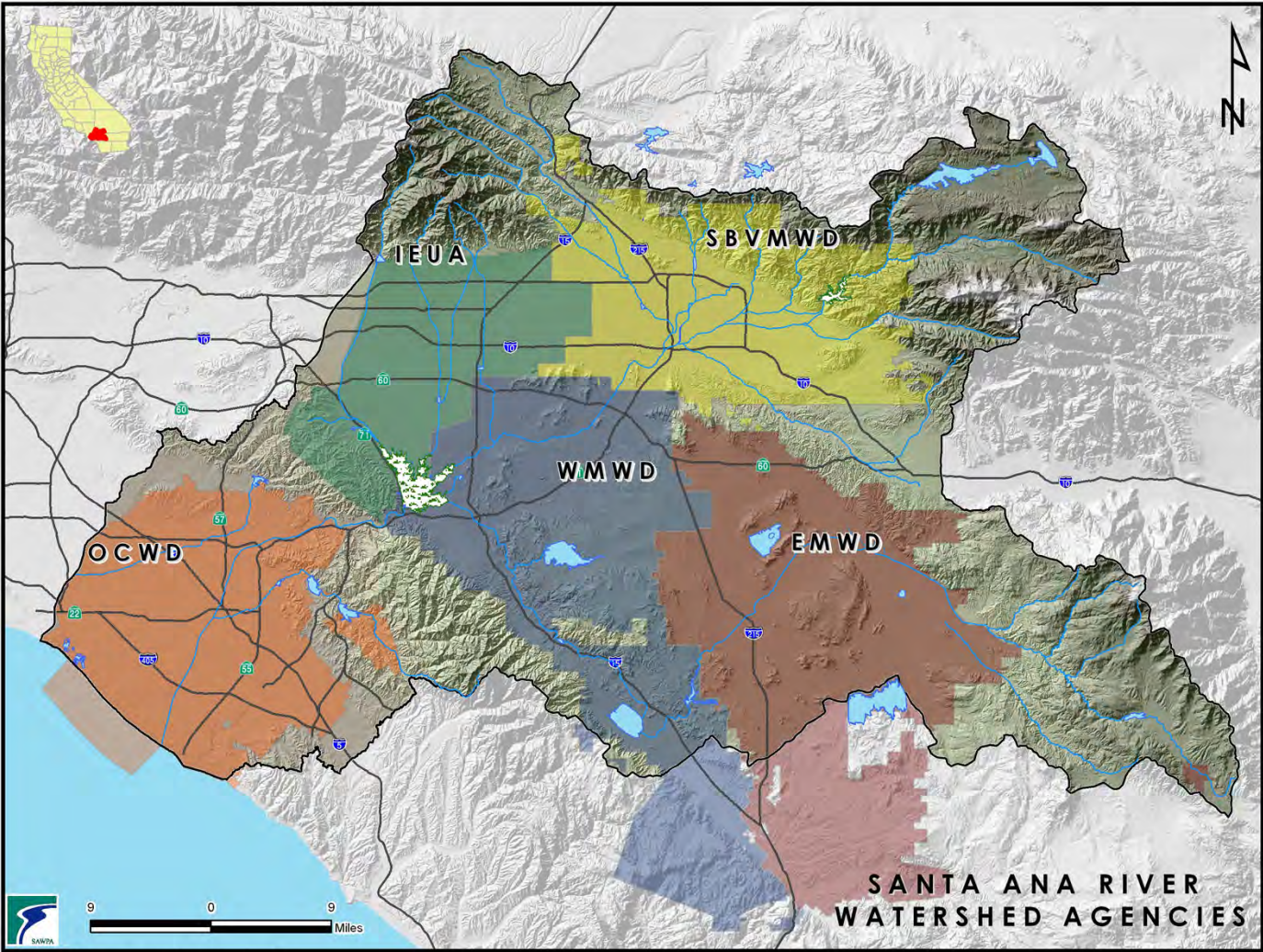
Richard Haller  
General Manager



Karen Williams  
Deputy General Manager/Chief Financial Officer



# Santa Ana Watershed Project Authority Authority Service Area Map



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Santa Ana Watershed Project Authority  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



# **Santa Ana Watershed Project Authority**

## **Authority Officials**

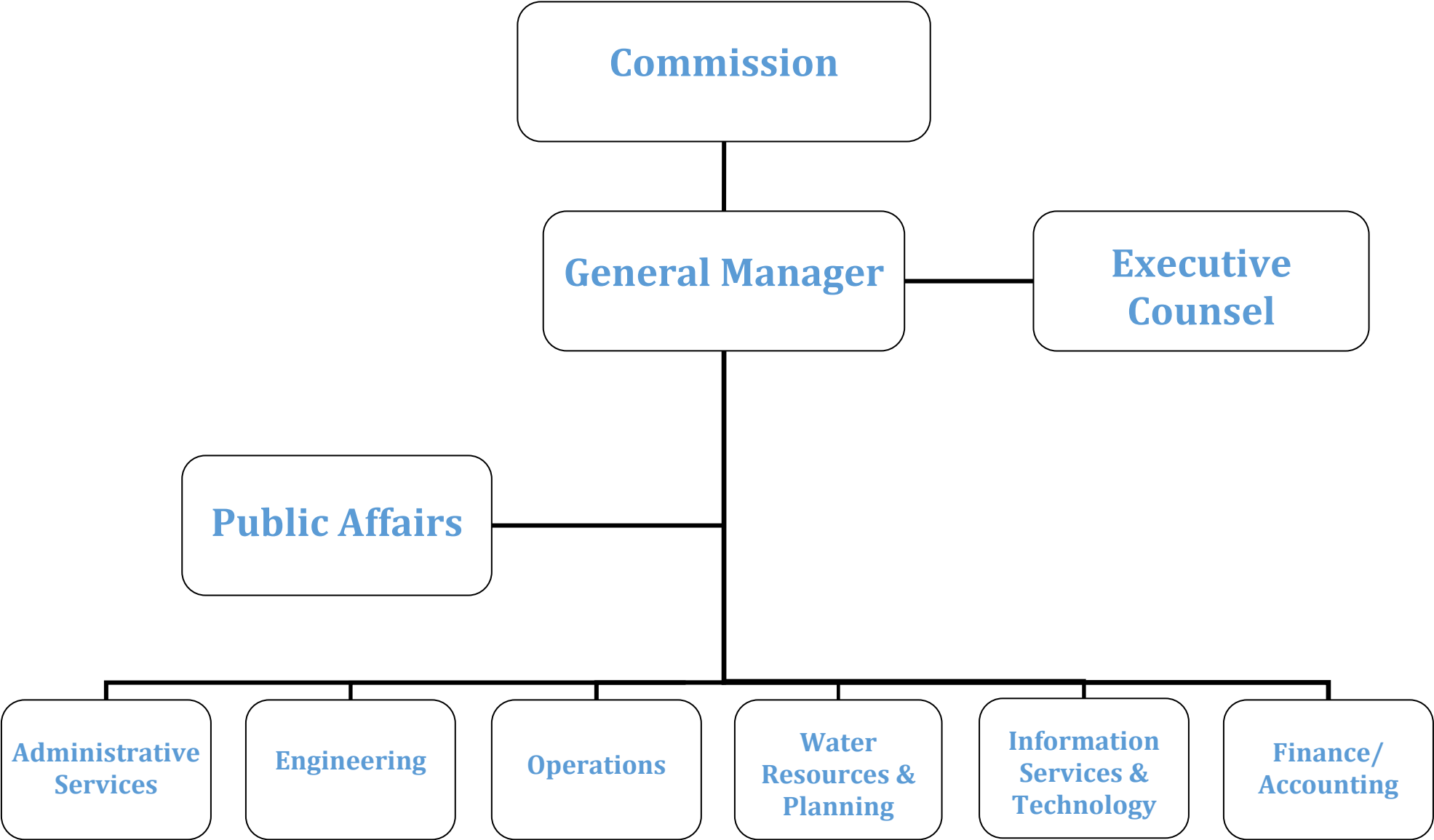
### **Board of Commissioners**

<b>David J. Slawson</b>	Chair	EMWD
<b>Kati Parker</b>	Vice Chair	IEUA
<b>Kelly E. Rowe</b>	Secretary/Treasurer	OCWD
<b>T. Milford Harrison</b>	Commission Member	SBVMWD
<b>Brenda Dennstedt</b>	Commission Member	WMWD

### **Management Staff**

<b>Richard Haller</b>	General Manager
<b>Kelly Berry</b>	Administrative Services Manager/Clerk of the Board
<b>Karen Williams</b>	Chief Financial Officer
<b>Dean Unger</b>	IS and Technology Manager
<b>David Ruhl</b>	Manager of Engineering
<b>Carlos Quintero</b>	Manager of Operations
<b>Mark Norton</b>	Water Resources and Planning Manager
<b>Lagerlof LLP</b>	Executive Counsel

**Santa Ana Watershed Project Authority**  
**Organizational Chart**



# Financial Section





## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of the Santa Ana Watershed Project Authority (the “Authority”), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the California State Controller’s Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of the Santa Ana Watershed Project Authority as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 1 to the basic financial statements, as of June 30, 2020, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - pension, the schedule of changes in the net OPEB liabilities and related ratios, and the schedule of contributions - OPEB, identified as Required Supplementary Information (RSI) in accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining schedules, and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2020, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

Riverside, California  
\_\_\_\_\_, 2020



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The intent of the Management Discussion and Analysis is to provide highlights of the financial activities for the fiscal year ended June 30, 2020, of the Santa Ana Watershed Project Authority (the "Authority"). Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

## The Authority

The Authority was formed in 1972 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise powers common to public agencies. The Authority was formed for the purpose of undertaking projects for water quality control and protection as well as pollution abatement in the Santa Ana River Watershed.

The Authority's five member agencies are Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

## Overview of the Financial Statements

The Authority is a special purpose government (special district) engaged only in activities that support themselves through user charges and member contributions. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board (GASB).

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about the Authority's financial condition and operating results. They are the (1) Statement of Net Position; (2) Statement of Revenues, Expenses and Changes in Net Position; and (3) Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets, deferred inflow of resources, liabilities, and deferred outflow of resources, with the differences between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The Statement of Cash Flows conveys to financial statement users how the Authority managed cash resources during the year. This statement converts the change in net position presented on the Statement of Revenues, Expenses and Changes in Net Position into actual cash provided by and used for operations. The Statement of Cash Flows also details how the Authority obtains cash through financing and investing activities, and how cash is spent for these purposes.

## Summary Financial Information and Analysis

While fiscal year 2020 was challenging with the global pandemic COVID-19, the Authority's financial operations remained sound. The Statement of Net Position remains strong, providing a foundation for continued growth within the Authority's service area. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73.3 million at June 30, 2020, by \$71.5 million at June 30, 2019, and by \$68.7 million at June 30, 2018.

### Statements of Net Position

For the Fiscal Years Ended June 30, 2020, 2019, and 2018

	Fiscal Year End June 30,				
	2020	2019	Increase/ (Decrease)	2018	Increase/ (Decrease)
<b>Assets</b>					
Current	\$64,394,667	\$64,863,786	(\$469,119)	\$60,081,766	\$4,782,020
Noncurrent	1,154,918	1,150,720	4,198	1,003,811	146,909
Capital	106,357,102	110,912,773	(4,555,671)	115,988,540	(5,075,767)
<b>Total Assets</b>	<b>171,906,687</b>	<b>176,927,279</b>	<b>(5,020,592)</b>	<b>177,074,117</b>	<b>(146,838)</b>
Deferred Outflows	4,218,310	1,482,258	2,736,052	1,621,887	(139,629)
<b>Liabilities</b>					
Current	6,482,912	6,492,607	(9,695)	5,009,098	1,483,509
Noncurrent	95,745,437	100,020,142	(4,274,705)	104,691,573	(4,671,431)
<b>Total Liabilities</b>	<b>102,228,349</b>	<b>106,512,749</b>	<b>(4,284,400)</b>	<b>109,700,671</b>	<b>(3,187,922)</b>
Deferred Inflows	571,542	337,312	234,230	318,374	18,938
<b>Net Position</b>					
Net Investment in Capital	79,825,079	82,216,012	(2,390,933)	85,226,499	(3,010,487)
Assets					
Restricted	2,960,560	2,960,560	-	2,960,560	-
Unrestricted (Deficit)	(9,460,533)	(13,617,096)	4,156,563	(19,510,100)	5,893,004
<b>Total Net Position</b>	<b>\$73,325,106</b>	<b>\$71,559,476</b>	<b>\$1,765,630</b>	<b>\$68,676,959</b>	<b>\$2,882,517</b>

The following denotes explanations on some of the changes between fiscal years 2020 and 2019, as compared in the table above.

- The \$0.5 million decrease in Current Assets is due to the maturity of Treasury Strips and other investments combined with a reduction in Accounts Receivable for grant funds.
- 
- The \$4.6 million decrease in Capital Assets is due to an offset of depreciation and amortization to property, plant, and equipment.
- 
- The \$4.3 million decrease in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with a decrease in long-term debt from scheduled debt service payments.

The following denotes explanations on some of the changes between fiscal years 2019 and 2018, as compared in the table above.

- The \$4.8 million increase in Current Assets is due to the receipt of SRF Loan funds for the Reach V Capital Repair Project and a decrease in grants receivable for Proposition 84 grant projects. Retention was released for many of the Round I projects.
- The \$5 million decrease in Capital Assets is due to removing obsolete or inactive assets from the balance sheet and an offset of depreciation and amortization to property, plant, and equipment.
- The \$1.5 million increase in Current Liabilities is due to an increase in costs for the Proposition 1 DACI grant, Proposition 84 Drought Round and 2015 Final Round projects.
- The \$4.7 million decrease in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with a decrease in long-term debt from scheduled debt service payments.

## Category of Net Position

The Authority is required to present its net position in three categories: (1) Net Investment in Capital Assets; (2) Restricted; and (3) Unrestricted.

### Net Investment in Capital Assets

At June 30, 2020, 2019, and 2018, Net Investment in Capital Assets consisted of the following:

**Net Investment in Capital Assets**  
(In Millions)

	2020	2019	2018
Property, Plant & Equipment	\$159.9	\$159.2	\$159.2
Accumulated Depreciation	(77.1)	(73.4)	(70.0)
Wastewater Treatment & Disposal Rights	55.6	55.6	55.6
Accumulated Amortization	(30.9)	(29.5)	(28.1)
Construction in Process	0.4	0.4	0.2
Related Payables and Loans, Net of Discounts	(27.7)	(29.9)	(31.7)
<b>Total</b>	<b>\$79.8</b>	<b>\$82.2</b>	<b>\$85.2</b>

Restricted

At June 30, 2020, Restricted Net Position of \$3.0 million is legally restricted by contract to fund additional Arundo Management and Habitat Restoration projects within the Santa Ana River Watershed and by the State Water Resources Control Board (SWRCB) for the SRF Loan reserve requirement.

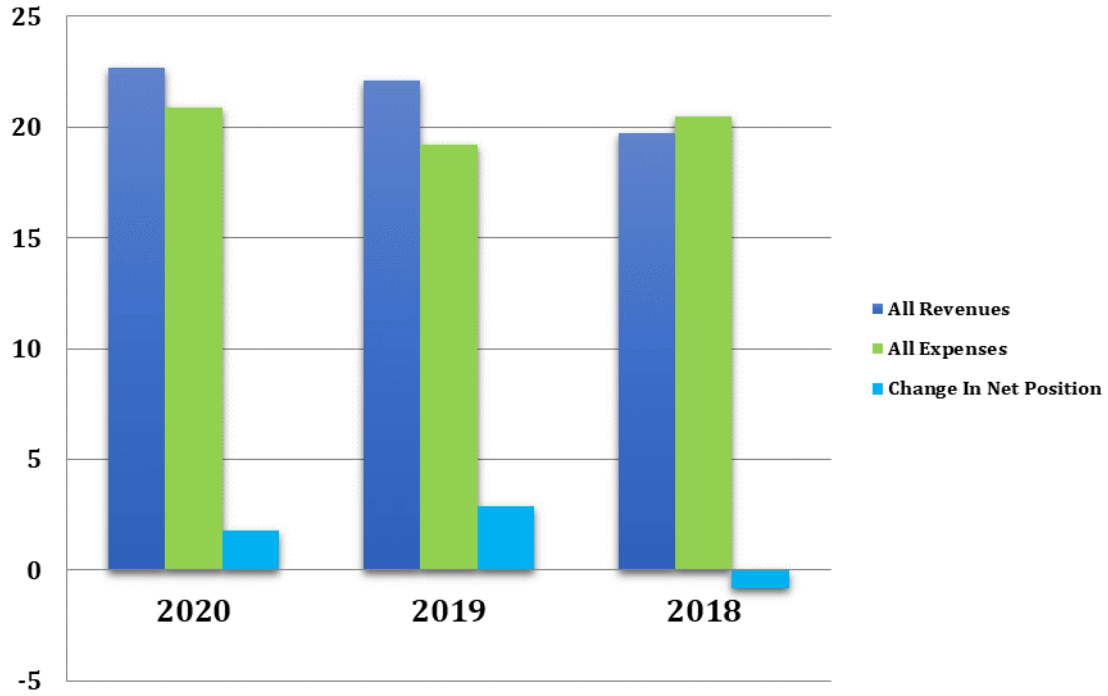
Unrestricted

At June 30, 2020, the Authority had an unrestricted net deficit of \$9.5 million. However, the Authority does possess \$65.2 million in unearned revenues being realized over a 50 year period of approximately \$2.5 million per year.

Change in Net Position

Overall, the fiscal year ended June 30, 2020, brought an increase in net position of \$1.8 million, a \$1.1 million decrease from the previous year. The primary reason for this increase over the prior year was due to an increase of \$0.6 million in total revenues and an increase of \$1.7 million in total expenses for FYE 2020.

### Change in Net Position (in millions)



**Statements of Revenues, Expenses, and Changes in Net Position**

For the Fiscal Years Ended June 30, 2020, 2019, and 2018

	Fiscal Year End June 30,				
	2020	2019	Increase/ (Decrease)	2018	Increase/ (Decrease)
<b>Operating Revenues:</b>					
WWT & Disposal	\$11,547,220	\$12,334,346	(\$787,126)	\$10,935,848	\$1,398,498
WWT & Disposal Capacity Rights	2,510,154	2,510,154	-	2,510,154	-
Other Operating Revenues	193,692	205,812	(12,120)	214,498	(13,686)
<b>Total Operating Revenues</b>	<b>14,251,066</b>	<b>15,050,312</b>	<b>(799,246)</b>	<b>13,665,500</b>	<b>1,384,812</b>
<b>Nonoperating Revenues:</b>					
Member Contributions	2,105,955	1,909,415	196,540	2,303,325	(393,910)
Intergovernmental	4,834,793	3,490,615	1,344,178	3,413,408	77,207
Investment Income	1,496,354	1,660,061	(163,707)	326,487	1,333,574
<b>Total Nonoperating Revenues</b>	<b>8,437,102</b>	<b>7,060,091</b>	<b>1,377,011</b>	<b>6,043,220</b>	<b>1,016,871</b>
<b>Total Revenues</b>	<b>22,688,168</b>	<b>22,110,403</b>	<b>577,765</b>	<b>19,708,720</b>	<b>2,401,683</b>
<b>Operating Expenses:</b>					
WWT and Disposal	6,682,965	6,545,654	137,311	5,841,074	704,580
General, Admin, and Overhead	989,568	1,326,428	(336,860)	1,429,043	(102,615)
Studies and Planning Costs	4,396,714	4,082,052	314,662	7,186,572	(3,104,520)
Depreciation	3,759,571	3,742,801	16,770	3,355,132	387,669
Amortization of WWT and Disposal Rights	1,400,918	1,400,918	-	1,400,918	-
<b>Total Operating Expenses</b>	<b>17,229,736</b>	<b>17,097,853</b>	<b>131,883</b>	<b>19,212,739</b>	<b>(2,114,886)</b>
<b>Nonoperating Expenses:</b>					
Interest Expense	643,758	713,448	(69,690)	487,975	225,473
Loss On Disposal of Assets	3,640	-	3,640	-	-
Grant Program Expenses	3,045,404	1,416,585	1,628,819	791,862	624,723
<b>Total Nonoperating Expenses</b>	<b>3,692,802</b>	<b>2,130,033</b>	<b>1,562,769</b>	<b>1,279,837</b>	<b>850,196</b>
<b>Total Expenses</b>	<b>20,922,538</b>	<b>19,227,886</b>	<b>1,694,652</b>	<b>20,492,576</b>	<b>(1,264,690)</b>
<b>Change in Net Positions</b>	<b>1,765,630</b>	<b>2,882,517</b>	<b>(1,116,887)</b>	<b>(783,856)</b>	<b>3,666,373</b>
Beginning Net Position *	71,559,476	68,676,959	2,882,517	70,388,238	(783,856)
Prior Period Adjustments	-	-	-	(927,423)	(927,423)
<b>Ending Net Position</b>	<b>\$73,325,106</b>	<b>\$71,559,476</b>	<b>\$1,765,630</b>	<b>\$68,676,959</b>	<b>\$2,882,517</b>

\* GASB No. 75 implemented in FYE 2018. Prior years were not restated as the information was not readily available.



### Revenues

Combined revenues for the fiscal year 2020 totaled \$22.7 million, an increase of \$0.6 million, or 2.6%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2020 and 2019.

- The \$0.8 million decrease in Waste Water Treatment and Disposal is due to decreases in biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations from the prior year.
- The \$1.3 million increase in Intergovernmental is due to an increase in the Proposition 1 DACI Grant. Most of the DACI grant program tasks were completed in FYE 2020.

Combined revenues for the fiscal year 2019 totaled \$22.1 million, an increase of \$2.4 million, or 12.2%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2019 and 2018.

- The \$1.4 million increase in Waste Water Treatment and Disposal is due to increases in biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations from the prior year.
- The \$1.3 million increase in Investment Income is due to higher interest rates and increased market value of investments in FYE 2019.

### Expenses

Combined expenses for the fiscal year 2020 totaled \$20.9 million, an increase of \$1.7 million, or 8.8% less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2020 and 2019.

- The \$1.6 million increase in Grant Program Expenses is due to the Proposition 1 Grant. Most of the DACI grant program tasks were completed in FYE 2020.

Combined expenses for the fiscal year 2019 totaled \$19.2 million, a decrease of \$1.3 million, or 6.2% less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2019 and 2018.

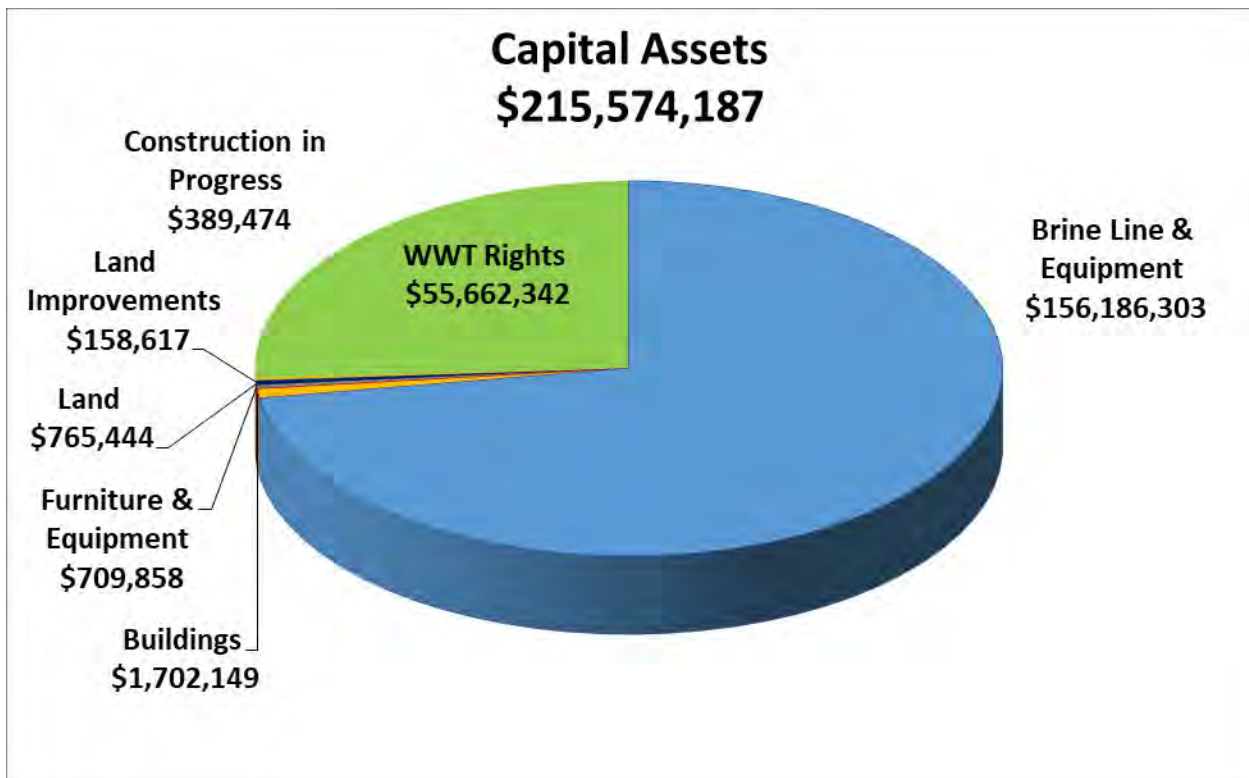
- The \$0.7 million increase in Waste Water Treatment and Disposal is due to increases in BOD and TSS concentrations from the prior year and increases in the brine line rates.
- The \$3.1 million decrease in Studies and Planning Costs is due to the competition of the Reach V Capital Repair Project in FYE 2018 and most of the work for the Water Energy DAC Grant being completed in the prior year.

- The \$0.6 million increase in Grant Program Expenses is due to the Proposition 84 Drought projects being wrapped up this year with the grant contract expiring in December 2019 and many of the 2015 Final Round projects have begun implementation.

## Capital Assets

### Existing Capital Assets

The following chart is the composition of the Authority's total capital assets, not including depreciation and amortization, as of June 30, 2020; additional information can be found in Note 4 of the Notes to Financial Statements.



A comparison of the changes by major category between the current and prior fiscal years is provided in the Category of Net Position section on page 4 of this report.

### Future Capital Improvements

The capital improvements program (CIP) includes annual capital repairs to correct pipeline and MAS defects identified during closed circuit television (CCTV) and direct visual inspection. The repairs include items such as sealing pipe joints with major groundwater infiltration, repairing MAS and pipe corrosion protection (plastic "T-Lok" type liner), and completing repairs where structure corrosion has occurred.

As part of the U.S. Army Corps of Engineers (Corps) Santa Ana River Mainstem Project to increase the flood control storage behind Prado Dam there are several dikes and levees being constructed to protect existing infrastructure. The Alcoa Dike is being constructed to protect developments and private property in the area. The Alcoa Dike is located in the City of Corona east of the Corona Airport. The alignment of the Dike crosses the Brine Line at two locations, along Butterfield Drive which impacts Lower Reach IVB and Auburndale Street which impacts the CRC Lateral.

Due to the load of the proposed Dike and the potential for settlement up to 6.5 inches, it was determined that about 480 feet of the Brine Line needs to be replaced and protected on Reach IVB and about 160 feet of the CRC Lateral needs to be replaced and protected. Design of the recommended protection/relocation methods was completed in FYE 2020. Award and construction of the project is planned for FY 2021.

The Euclid Avenue Maintenance Access Structure Rehabilitation (MAS) Project includes the modification or "sealing" of five (5) MAS on Reach IVD along Euclid Avenue to withstand pressurization without allowing a sanitary sewer overflow or infiltration from historically high Prado Reservoir levels. The project also includes the removal of one MAS on Reach IVA along Euclid Avenue due to significant concrete deterioration. A new 12-foot fabricated pipe fitting will replace the demolished MAS. Design of the recommended modifications was completed in FYE 2020. Award and construction of the project is planned for FY 2021

The Brine Line Reach 4D was constructed in the early 1990's, and runs from the intersection with Reach 4A in the City of Chino approximately 21 miles East to the intersection with Reach 4E in the City of Rialto. About seven miles of the Brine Line Reach 4D consists of T-Lok Lined 42-inch reinforced concrete pipe (RCP). The T-Lok lining is a polyvinyl chloride (PVC) lining on the interior circumference of the pipe that provides a protective corrosion barrier between the flow and concrete pipe. The T-Lok lining on this portion of the Brine Line was installed on the upper 270 degrees of the pipeline leaving the invert or bottom 90 degrees of the pipe unlined. Low flows during the initial years of operation placed the flow line below the termination of the T-Lok liner and exposed the concrete to corrosion and uplifting of the T-Lok liner. A consultant was hired in March 2018 to conduct a pipeline condition assessment, evaluate the condition and remaining useful life of this portion of the Reach 4D pipeline, and prepare the Reach 4D Work Plan. The pipeline field investigation work was completed in May 2018. The Work Plan completed in mid FYE 2019 includes an evaluation of potential repair methods, near, mid and long term recommended actions to monitor the condition of the Brine Line and provide repairs as necessary in the future, and a schedule and cost estimate for the proposed recommendations. The near term recommended field investigation work was completed in May 2019. The Near-Term Recommended Inspections Data Analysis and Summary Report was completed in FYE 2020. The near-term actions summary report concluded that the findings presented in the Reach 4D Work Plan remain valid and the recommendations provided remain unchanged. The mid-term recommended field investigation work is planned for fiscal year 2023.

## Long-Term Debt

The Authority's long-term debt consists of four loans from the SWRCB for construction of Reach V of the Brine Line, and a loan from the SWRCB for repairs of Reach IV-A and IV-B. In 2018 the loan from a member agency for the repurchase of wastewater capacity and treatment/disposal rights and the contractual obligation due to a related joint powers authority were paid in full.

During the fiscal years ended June 30, 2020, 2019, and 2018, the Authority made all of the scheduled principal payments on these debts as follows:

Debt Service	2020	2019	2018
SWRCB TVRI Line	\$1,046,108	\$1,018,693	\$991,996
SWRCB Reach IVA & IVB	729,040	710,565	692,558
SWRCB Reach V Capital Repairs	385,392	433,019	-
OCWD Repurchase of Wastewater Rights	-	-	336,085
WRCRWA* Contractual Obligation	-	-	519,182

\*West Riverside County Regional Wastewater Authority

These payments decreased the outstanding balance in long-term debt by \$2.2 million. For more detailed information refer to Note 6 of the Notes to Financial Statements.

## Fiscal Year 2020-2021 Budget

### Economic and Financial Factors

Prior to the COVID-19 induced recession of 2020, the Inland Empire's economy was strong. The pandemic-linked closures caused major damage to the economy. Consumer spending cratered in March, at a pace never experienced before and unemployment numbers rose from 50-year lows to 80-year highs in a matter of weeks. Fortunately, the economy seems to be on the path to recovery. Since the 2<sup>nd</sup> quarter, economic activity from housing sales to durable goods orders to consumer spending to payroll employment, has been bouncing back sharply. Economists predict a strong recovery during the latter part of 2020, with near full recovery in 2021.

As we begin the biennial budget process for FYE 2022 and 2023, we realize that many of our member agencies have suffered during the recession of 2020. With that in mind, staff will look for ways to reduce our budget while remaining effective and efficient. By optimizing operational processes and implementing a number of cost-cutting measures, we

hope to reduce costs and pass those savings on to our member agencies through reduced fees and member contributions.

The Authority is faced with a \$60 million Capital Improvement Program over the next 25 years. To ensure that there will be funds available to implement the program, the Authority conducted a long-term financial plan and rate model for the Brine Line. This model has served as a financial planning tool to ensure sufficient revenues are collected for operating needs, capital needs, and the funding of a long-term capital repair and replacement reserve.

Management is unaware of any other conditions that could have a significant past, present, or future impact on the Authority's current financial position, net position, or operating results.

#### Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for the Board of Commissioners, customers, investors, creditors, and other interested parties. Questions concerning any information provided in the report or requests for additional information should be addressed to the Authority's Finance Department, 11615 Sterling Avenue, Riverside, CA 92503.

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## **BASIC FINANCIAL STATEMENTS**



**Santa Ana Watershed Project Authority**  
**Statements of Net Position**  
**Proprietary Fund**  
June 30, 2020 and 2019

	Business-Type Activities Enterprise Fund	
	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 45,880,641	\$ 45,496,851
Cash and Cash Equivalents - Restricted (Note 2)	958,564	950,955
Investments (Note 2)	11,493,118	12,374,662
Interest Receivable	152,478	265,417
Accounts Receivable	1,947,096	1,934,937
Accounts Receivable - Grants	1,685,547	1,617,042
Notes Receivable - Other	18,785	80,940
Prepaid Items and Other Assets	347,878	232,422
Mitigation Credits (Note 3)	1,910,560	1,910,560
	<u>64,394,667</u>	<u>64,863,786</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets (Note 4):		
Not Being Depreciated	1,154,918	1,150,720
Being Depreciated, Net of Accumulated Depreciation and Amortization	106,357,102	110,912,773
	<u>107,512,020</u>	<u>112,063,493</u>
Total Noncurrent Assets		
	<u>107,512,020</u>	<u>112,063,493</u>
Total Assets	<u>171,906,687</u>	<u>176,927,279</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amounts from Pension Plans	3,825,434	1,286,579
Deferred Amounts from OPEB Plan	392,876	195,679
	<u>4,218,310</u>	<u>1,482,258</u>
Total Deferred Outflows of Resources	<u>\$ 4,218,310</u>	<u>\$ 1,482,258</u>

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statements of Net Position - Continued**  
**Proprietary Fund**  
June 30, 2020 and 2019

	Business-Type Activities Enterprise Fund	
	2020	2019
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 3,640,290	\$ 3,702,529
Accrued Salaries and Wages	157,207	153,801
Accrued Interest Payable	256,114	287,613
Long-Term Liabilities - Due Within One Year:		
Compensated Absences (Note 5)	214,330	188,125
Loans Payable (Note 6)	2,214,971	2,160,539
Total Current Liabilities	6,482,912	6,492,607
Noncurrent Liabilities:		
Unearned Revenue (Note 7)	65,188,826	67,698,980
Long-Term Liabilities - Due in More than One Year:		
Compensated Absences (Note 5)	500,103	438,957
Loans Payable (Note 6)	25,471,970	27,686,942
Net Pension Liability (Note 10)	4,081,229	3,649,848
Net OPEB Liability (Note 11)	503,309	545,415
Total Noncurrent Liabilities	95,745,437	100,020,142
Total Liabilities	102,228,349	106,512,749
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts From Pension Plans	349,158	298,841
Deferred Amounts from OPEB Plan	222,384	38,471
Total Deferred Inflows of Resources	571,542	337,312
<b>NET POSITION (NOTE 8)</b>		
Net Investment in Capital Assets	79,825,079	82,216,012
Restricted for:		
SRF Reach IVA & IVB Reserve Requirement	1,050,000	1,050,000
Mitigation	1,910,560	1,910,560
Unrestricted	(9,460,533)	(13,617,096)
Total Net Position	\$ 73,325,106	\$ 71,559,476

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**

For the Fiscal Years Ended June 30, 2020 and 2019

	Business-Type Activities Enterprise Fund	
	2020	2019
<b>OPERATING REVENUES</b>		
Wastewater Treatment and Disposal	\$ 11,547,220	\$ 12,334,346
Wastewater Treatment and Disposal - Capacity Rights	2,510,154	2,510,154
Other	193,692	205,812
	<u>14,251,066</u>	<u>15,050,312</u>
<b>OPERATING EXPENSES</b>		
Wastewater Treatment and Disposal	6,682,965	6,545,654
General and Administrative and Overhead	989,568	1,326,428
Studies and Planning Costs	4,396,714	4,082,052
	<u>12,069,247</u>	<u>11,954,134</u>
Operating Income (Loss) Before Depreciation and Amortization	2,181,819	3,096,178
Depreciation	(3,759,571)	(3,742,801)
Amortization	(1,400,918)	(1,400,918)
	<u>(2,978,670)</u>	<u>(2,047,541)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Member Contributions	2,105,955	1,909,415
Intergovernmental	4,834,793	3,490,615
Investment Earnings	1,496,354	1,660,061
Interest Expense	(643,758)	(713,448)
Grant Program Expenses	(3,045,404)	(1,416,585)
Gain/Loss on Disposal of Assets	(3,640)	-
	<u>4,744,300</u>	<u>4,930,058</u>
Change in Net Position	1,765,630	2,882,517
Net Position - Beginning of Year	71,559,476	68,676,959
Net Position - End of Year	<u>\$ 73,325,106</u>	<u>\$ 71,559,476</u>

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statements of Cash Flows**  
**Proprietary Fund**  
For the Fiscal Years Ended June 30, 2020 and 2019

	Business-Type Activities Enterprise Fund	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 11,790,908	\$ 17,518,498
Cash Paid to Employees	(5,905,597)	(3,807,014)
Cash Paid to Suppliers	(8,363,135)	(6,479,547)
	(2,477,824)	7,231,937
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Member Contributions	2,105,955	1,909,415
Other Governments	4,766,288	5,997,414
Grant Program Expenses	(3,045,404)	(1,416,585)
	3,826,839	6,490,244
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(609,016)	(214,861)
Proceeds from Loans Payable	-	159,895
Principal Payments on Long-term Debt	(2,160,540)	(2,162,277)
Interest Paid on Long-term Debt	(675,257)	(868,231)
Gain/Loss on Disposal of Fixed Asset	(3,640)	-
	(3,448,453)	(3,085,474)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(1,996,991)	(1,028,500)
Proceeds from Sale of Investments	2,878,535	6,034,269
Interest Received	1,609,293	1,570,069
	2,490,837	6,575,838
Net Cash Provided By (Used For) Investing Activities	2,490,837	6,575,838
Net Decrease in Cash and Cash Equivalents	391,399	17,212,545
Cash and Cash Equivalents - Beginning of Year	46,447,806	29,235,261
Cash and Cash Equivalents - End of Year	\$ 46,839,205	\$ 46,447,806
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents	\$ 45,880,641	\$ 45,496,851
Cash and Cash Equivalents - Restricted	958,564	950,955
	\$ 46,839,205	\$ 46,447,806

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statements of Cash Flows - Continued**  
**Proprietary Fund**  
For the Years Ended June 30, 2020 and June 30, 2019

	Business-Type Activities Enterprise Fund	
	2020	2019
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided</b>		
<b>By (Used For) Operating Activities:</b>		
Operating Income (Loss)	\$ (2,978,670)	\$ (2,047,541)
Adjustments:		
Depreciation	3,759,571	3,742,801
Amortization	1,400,918	1,400,918
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
(Increase) Decrease in Accounts Receivable	(12,159)	4,825,033
(Increase) Decrease in Prepaid Items and Other Assets	(115,456)	19,609
(Increase) Decrease in Notes Receivable	62,155	163,307
(Increase) Decrease in Deferred Outflows of Resources from Pension Plans	(2,538,855)	159,194
(Increase) Decrease in Deferred Outflows of Resources from OPEB Plan	(197,197)	(19,565)
Increase (Decrease) in Accounts Payable	(62,239)	1,571,171
Increase (Decrease) in Accrued Salaries and Wages	3,406	16,394
Increase (Decrease) in Customer Deposits	-	(10,000)
Increase (Decrease) in Compensated Absences	87,351	34,173
Increase (Decrease) in Unearned Revenue	(2,510,154)	(2,510,154)
Increase (Decrease) in Net Pension Liability	431,381	(74,582)
Increase (Decrease) in Net OPEB Liability	(42,106)	(57,759)
Increase (Decrease) in Deferred Inflows of Resources from Pension Plans	50,317	(15,427)
Increase (Decrease) in Deferred Inflows of Resources from OPEB Plans	183,913	34,365
	<u>\$ (2,477,824)</u>	<u>\$ 7,231,937</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Net increase in the fair value of investments	\$ 396,234	\$ 497,681

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statements of Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2020 and 2019

	<b>Total Agency Funds</b>	
	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 466,361	\$ 458,596
Accounts Receivable - Grants	8,325,260	25,209,477
Total Assets	\$ 8,791,621	\$ 25,668,073
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 8,325,260	\$ 25,209,477
Total Current Liabilities	8,325,260	25,209,477
Noncurrent Liabilities:		
Deposits - Legal Defense	466,361	458,596
Total Noncurrent Liabilities	466,361	458,596
Total Liabilities	\$ 8,791,621	\$ 25,668,073

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Comprehensive Annual Financial Report**  
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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Organization and Purpose**

The Santa Ana Watershed Project Authority (“the Authority”) was reformed in 1972 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies, for purpose of undertaking projects for water quality control and protection and pollution abatement in the Santa Ana River Watershed. The five member agencies are the Orange County Water District, Inland Empire Utilities Agency (formerly Chino Basin Municipal Water District), Eastern Municipal Water District, San Bernardino Valley Municipal Water District, and Western Municipal Water District. The Board of Commissioners is the governing body of the Authority. Each member of the Authority appoints, by resolution of its governing body, one member of its governing body to act as its Commissioner on the Board.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standard Board (GASB) Statements have been considered and there are no agencies or entities which should be presented with the Authority.

The Authority’s enterprise activities are accounted for on the basis of funds, each of which is considered a separate accounting entity. The operations of each activity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Authority resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority’s various funds are grouped as follows:

*Capital Projects Activities* - Record the activity of the various capital improvement projects and programs undertaken by the Authority.

*Internal Administration* - Reflect the grouping of general and administration expenses and department overhead costs. Reported amounts are net of allocations made in support of capital projects and enterprise activities.



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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A) Organization and Purpose - Continued**

*Enterprise Activities* - Reflect operations of the Inland Empire Brine Line System (Brine Line) pipelines.

The Authority also has the following Fiduciary Funds:

*Agency Funds* - Agency funds are utilized to record monies held on behalf of others in a fiduciary capacity. The Authority has two agency funds:

*The Legal Defense Fund* - This fund was established in conjunction with the Environmental Protection Agency in connection with potential third-party lawsuits arising from the discharge of effluent which originates from the Stringfellow Hazardous Waste Site, while the facility is operated by the Environmental Protection Agency or its agents under the use permit.

*The Integrated Regional Water Management Program (Prop 84 Capital Projects)* - This fund was established to account for pass-through monies of the Authority's member and other agencies.

**B) Basis of Presentation**

The Authority reports its activities as an enterprise fund, which is a Proprietary type fund used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the cost of providing services on a continuing basis be financed or recovered primarily through user charges, capital grants, and similar funding.

**C) Measurement Focus and Basis of Accounting**

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the "accrual basis of accounting". Under the economic measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B) Measurement Focus and Basis of Accounting - Continued**

current or noncurrent) associated with these activities are included on the statements of net position.

The Statements of Revenues, Expenses and Changes in Net Position, present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**D) New Accounting Pronouncements**

**Current Year Standards**

- GASB 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, effective for periods beginning after June 15, 2018. Currently, this Standard has no effect on the Authority.
- GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the Authority's financial reporting requirements in the future:

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2019\*.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2021\*.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020\*.
- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2019\*.

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Pending Accounting Standards – Continued**

- GASB 91 - *Conduit Debt Obligations*, effective for fiscal years beginning December 15, 2021\*.
- GASB 92 - *Omnibus*, effective for fiscal years beginning June 15, 2021\*.
- GASB 93 – *Replacement of Interbank Offered Rates*, effective for fiscal years beginning June 15, 2021\*.
- GASB 94 – *Public and Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for fiscal years beginning June 15, 2022.
- GASB 96 – *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022.
- GASB 97 – *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021.

\*These GASB Statements original effective dates were postponed by GASB Statement No. 95.

**E) Deferred Outflows / Inflows of Resources**

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The Authority has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions and OPEB is equal to employer contributions made after the measurement date of the net pension liability and OPEB, as applicable.

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E) Deferred Outflows / Inflows of Resources – Continued**

- Deferred outflows related to pensions and OPEB are for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred outflows related to pensions and OPEB are for differences between projected and actual earning on pensions and OPEB through the plans. These amounts are amortized over 5 years.
- Deferred outflows related to pensions and OPEB are for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions and OPEB are for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions and OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred inflows related to pensions and OPEB plans for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E) Deferred Outflows / Inflows of Resources – Continued**

of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.

**F) Net Position Flow Assumption**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied; however it is at the Board of Commissioners' discretion.

**G) Operating Revenues and Expenses**

Operating revenues, such as wastewater treatment and wastewater disposal, capacity rights, and contractual services, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values.

Revenues not included in the above category are reported as nonoperating revenues. Nonoperating revenues such as a grant funding, member contributions, and investment earnings, result from nonexchange transactions or ancillary activities in which the Authority gives (receives) value without directly receiving (giving) value in exchange.

Operating expenses include wastewater treatment and disposal, studies and planning costs, management, administration, and depreciation/amortization on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**H) Cash and Cash Equivalents**

Substantially all the Authority's cash is invested in interest bearing cash accounts. The Authority considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

**I) Investments and Investment Policy**

The Authority has adopted an investment policy directing the Authority's Chief Financial Officer to deposit funds in financial institutions.

Investments are stated at their fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment earnings include interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

**J) Restricted Assets**

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

**K) Accounts Receivable**

The Authority extends credit in the normal course of operations. Management deems all accounts receivable as collectible at year end. Accordingly, an allowance for doubtful accounts has not been recorded.

**L) Prepaid Items**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**M) Mitigation Credits**

Mitigation credits are recorded at cost and are purchased and used by those agencies or businesses needing habitat mitigation within the Watershed for specific development projects.

**N) Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated assets are recorded at acquisition value at the date of contribution. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 Years
Land Improvements	15-20 Years
Furniture and Office Equipment	3 Years
Brine Line and Equipment	25 Years

Wastewater treatment and disposal rights are included as capital assets and are capitalized at cost. Amortization is computed using the straight-line method over the remaining life of the Authority's contract with the Orange County Sanitation District for the acquisition of the rights at the time the rights were acquired. The current contract expires April 26, 2046.



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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**O) Compensated Absences**

The Authority's policy is to pay out sick leave time accrued upon retirement, death or termination on a variable scale of 15% to 60% based on years of service. Each full-time employee accrues 96 hours of sick time per year. The liability for this benefit has been accrued in these financial statements.

Employees of the Authority are entitled to paid vacation depending on length of service. Vacation is accrued for full-time employees beginning on the first day of full-time employment, and ranges from 12 to 22 days per year based on longevity with the Authority. Part-time employees accrue vacation on a prorated basis on the actual number of hours worked.

Authority policy requires employees to pass a probationary period prior to payment for accrued vacation hours. An employee may not accrue more than 36 vacation days (324 hour) total.

**P) Unearned Revenue**

Unearned revenue represents advance payments received for wastewater treatment and disposal capacity rights sold, which are being recognized as revenue as the services are provided.

**Q) Capital Contributions**

Capital contributions consist of grants awarded and contributions received for the acquisition and/or construction of capital assets. Contributions received for studies, planning, administration, and other noncapital assets are considered nonoperating revenue.

**R) Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the Statements of Net Position and as capital grant contribution or operating grant revenue, as appropriate, on the Statements of Revenues, Expenses and Changes in Net Position.

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**S) Budgetary Policies**

The Authority adopts a biennial non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

**T) Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- Restricted Net Position - This component of net position consists of constraints placed on net position use imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of net position that does not meet the definition of *net investment in capital assets or restricted*.

**U) Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plan (Plan) and addition to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**V) Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

June 30, 2020

Valuation Date: June 30, 2018  
Measurement Date: June 30, 2019  
Measurement Period: July 1, 2018 to  
June 30, 2019

June 30, 2019

Valuation Date: June 30, 2017  
Measurement Date: June 30, 2018  
Measurement Period: July 1, 2017 to  
June 30, 2018

**W) Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain report amounts and disclosures. Accordingly, actual results could differ from the estimates.

**X) Reclassifications**

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

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**2) CASH AND INVESTMENTS**

Cash and investments are classified in the accompanying financial statements as follows:

	2020	2019
Statement of Net Position:		
Cash and Cash Equivalents	\$ 45,880,641	\$45,496,851
Cash and Cash Equivalents - Restricted	958,564	950,955
Investments	11,493,118	12,374,662
Total Cash and Investments	58,332,323	58,822,468
Statement of Fiduciary Assets and Liabilities - Agency Funds:		
Cash and Investments	466,361	458,596
Total Cash and Investments	\$ 58,798,684	\$59,281,064

Cash and investments consist of the following:

	2020	2019
Cash on Hand	\$ 500	\$ 500
Deposits with Financial Institutions	389,538	1,660,149
Investments	58,408,646	57,620,415
Total Cash and Investments	\$ 58,798,684	\$ 59,281,064

Investments in LAIF are considered highly liquid, and deposits can be converted to cash within 24 hours without loss of interest. As of June 30, 2020, and 2019, the LAIF pools had a weighted average maturity of the following:

	2020	2019
California Local Agency Investment Fund (LAIF)	191 days	173 days

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**2) CASH AND INVESTMENTS - Continued**

**Investments Authorized by the California Government Code and the Authority's Investment Policy**

The table below identifies the investment types that are authorized by the Authority in accordance with the California Government Code (or the Authority's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S Treasury Bills, Notes and Bonds	5 years	None	N/A
U.S. Government Sponsored Agency Securities	5 years	None	None
Mutual Funds	90 days	15%	None
Municipal Bonds	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	15%	*
Negotiable Certificates of Deposit	5 years	30%	\$250,000
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
Collateralized Bank Deposits	5 years	25%	None

N/A - Not Applicable

\*10% of outstanding paper of an issuing corporation.

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**2) CASH AND INVESTMENTS - Continued**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and the Authority's investment policy that requires no more than two-thirds of the Authority's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the Authority's bank deposits, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

**Investment in State Investment Pool**

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this Pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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**2) CASH AND INVESTMENTS - Continued**

**Interest Rate Risk**

Interest rate risk is the risk where changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair cash values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity date.

Maturities of investments and cash equivalents as of June 30, 2020 and June 30, 2019, were as follows:

**2020**

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
U.S. Treasury Strips	\$ 2,509,603	\$ 1,010,312	\$ -	\$ 3,519,915
U.S. Government Sponsored Agency Securities	2,014,007	2,563,165	1,077,964	5,655,136
LAIF	46,449,167	-	-	46,449,167
Medium-Term Corporate Notes	-	-	1,071,145	1,071,145
Negotiable Certificates of Deposit	971,283	247,000	495,000	1,713,283
	<u>\$ 51,944,060</u>	<u>\$ 3,820,477</u>	<u>\$ 2,644,109</u>	<u>\$ 58,408,646</u>

**2019**

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
U.S. Treasury Strips	\$ 1,385,794	\$ 2,488,750	\$ 987,109	\$ 4,861,653
U.S. Government Sponsored Agency Securities	997,642	1,994,013	2,500,738	5,492,393
LAIF	44,787,157	-	-	44,787,157
Medium-Term Corporate Notes	504,840	-	523,660	1,028,500
Negotiable Certificates of Deposit	706,712	496,000	248,000	1,450,712
	<u>\$ 48,382,145</u>	<u>\$ 4,978,763</u>	<u>\$ 4,259,507</u>	<u>\$ 57,620,415</u>

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**2) CASH AND INVESTMENTS - Continued**

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's Investment Policy, or debt agreements and the actual rating as of year-end for each investment type. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF are not rated.

Credit ratings by Standard & Poor's of investments and cash equivalents as of June 30, 2020, and June 30, 2019 were as follows:

**2020**

Investment Type		Medium Legal Rating	Exempt From Disclosure	Ratings as of Year End			Not Rated
				AAA	AA+	A+	
U.S. Treasury Strips	\$ 3,519,915	N/A	\$	\$ -	\$ -	\$ -	\$ 3,519,915
U.S. Government Sponsored Agency Securities	5,655,136	N/A	-	5,655,136	-	-	-
LAIF	46,449,167	N/A	-	-	-	-	46,449,167
Medium-Term Corporate Notes	1,071,145	N/A	-	-	527,903	543,242	-
Negotiable Certificates of Deposit	<u>1,713,283</u>	N/A	-	-	-	-	<u>1,713,283</u>
Total	<u>\$ 58,408,646</u>		<u>\$ -</u>	<u>\$ 5,655,136</u>	<u>\$ 527,903</u>	<u>\$ 543,242</u>	<u>\$ 51,682,365</u>

**2019**

Investment Type		Medium Legal Rating	Exempt From Disclosure	Ratings as of Year End			Not Rated
				AA+	AA-	A+	
U.S. Treasury Strips	\$ 4,861,653	N/A	\$ 4,861,653	\$ -	\$ -	\$ -	\$ -
U.S. Government Sponsored Agency Securities	5,492,393	N/A	-	5,492,393	-	-	-
LAIF	44,787,157	N/A	-	-	-	-	44,787,157
Medium-Term Corporate Notes	1,028,500	N/A	-	-	-	1,028,500	-
Negotiable Certificates of Deposit	<u>1,450,712</u>	N/A	-	-	-	-	<u>1,450,712</u>
Total	<u>\$ 57,620,415</u>		<u>\$ 4,861,653</u>	<u>\$ 5,492,393</u>	<u>\$ -</u>	<u>\$ 1,028,500</u>	<u>\$ 46,237,869</u>



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**2) CASH AND INVESTMENTS - Continued**

**Concentration of Credit Risk**

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments. The Authority has no investments that represent 5% or more of total Authority investments invested in one issuer.

**Fair Value Measurements**

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

*Level 2* inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

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**2) CASH AND INVESTMENTS - Continued**

**Fair Value Measurements - Continued**

Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Uncategorized investments do not fall under the fair value hierarchy as there is no active market for the investments.

*Level 3* inputs are unobservable inputs for the asset or liability.

The Authority has the following recurring fair value measurements as of June 30, 2020 and June 30, 2019:

**2020**

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Strips	\$ -	\$ 3,519,915	\$ -	\$ 3,519,915
U.S. Government Sponsored Agency Securities	-	5,655,136	-	5,655,136
Medium-Term Corporate Notes	-	1,071,145	-	1,071,145
Negotiable Certificates of Deposit	-	1,713,283	-	1,713,283
Total Investments	<u>\$ -</u>	<u>\$ 11,959,479</u>	<u>\$ -</u>	11,959,479
Local Agency Investment Fund*				<u>46,449,167</u>
Total Investment Portfolio				<u>\$ 58,408,646</u>

\*Not subject to fair value measurement hierarchy.

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**2) CASH AND INVESTMENTS - Continued**

**Fair Value Measurements - Continued**

**2019**

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Strips	\$ -	\$ 4,861,653	\$ -	\$ 4,861,653
U.S. Government Sponsored Agency Securities	-	5,492,393	-	5,492,393
Medium-Term Corporate Notes	-	1,028,500	-	1,028,500
Negotiable Certificates of Deposit	-	1,450,712	-	1,450,712
Total Investments	<u>\$ -</u>	<u>\$ 12,833,258</u>	<u>\$ -</u>	12,833,258
Local Agency Investment Fund*				<u>44,787,157</u>
Total Investment Portfolio				<u>\$ 57,620,415</u>

\*Not subject to fair value measurement hierarchy.

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**3) MITIGATION CREDITS**

On March 17, 2000, the State of California voted to approve Proposition 13, the Costa-Machado Water Act of 2000 containing the Southern California Integrated Watershed Program (SCIWP), providing \$235 million for local grant assistance. The State Legislature appropriated the funds to the State Water Resource Control Board (SWRCB) to be allocated to the Authority for projects to rehabilitate and improve the Santa Ana River Watershed.

On April 23, 2003, as part of the SCIWP, the Authority purchased 100 acres of mitigation credits from the Riverside County Regional Park and Open Space District. These credits are purchased and used by those needing habitat mitigation within the Watershed for specific development projects.

The changes to mitigation credits at June 30, 2020 and June 30, 2019 were as follows:

**2020**

Balance 2019	Additions	Deletions	Balance 2020
\$ 1,910,560	\$ -	\$ -	\$ 1,910,560

**2019**

Balance 2018	Additions	Deletions	Balance 2019
\$ 1,910,560	\$ -	\$ -	\$ 1,910,560

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**4) CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in Progress	385,276	10,304	(6,106)	389,474
Total Capital Assets, Not Being Depreciated	<u>1,150,720</u>	<u>10,304</u>	<u>(6,106)</u>	<u>1,154,918</u>
Capital Assets, Being Depreciated				
Land Improvements	158,617	-	-	158,617
Buildings	1,454,558	254,886	(7,295)	1,702,149
Furniture and Equipment	480,058	273,120	(43,320)	709,858
Brine Line and Equipment	156,113,457	82,252	(9,406)	156,186,303
Wastewater Treatment and Disposal Rights	55,662,342	-	-	55,662,342
Total Capital Assets, Being Depreciated	<u>\$213,869,032</u>	<u>\$ 610,258</u>	<u>\$ (60,021)</u>	<u>\$214,419,269</u>
Less Accumulated Depreciation				
Land Improvements	\$ (95,050)	\$ (4,426)	\$ -	\$ (99,476)
Buildings	(976,306)	(42,421)	1,855	(1,016,872)
Furniture and Equipment	(291,608)	(48,223)	43,320	(296,511)
Brine Line and Equipment	(72,063,951)	(3,664,501)	9,406	(75,719,046)
Accumulated Amortization	<u>(29,529,344)</u>	<u>(1,400,918)</u>	<u>-</u>	<u>(30,930,262)</u>
Total Accumulated Depreciation	<u>(102,956,259)</u>	<u>(5,160,489)</u>	<u>54,581</u>	<u>(108,062,167)</u>
Total Capital Assets Being Depreciated, Net	<u>110,912,773</u>	<u>(4,550,231)</u>	<u>(5,440)</u>	<u>106,357,102</u>
Total Capital Assets, Net	<u>\$112,063,493</u>	<u>\$ (4,539,927)</u>	<u>\$ (11,546)</u>	<u>\$107,512,020</u>

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**4) CAPITAL ASSETS – Continued**

Changes in capital assets for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in Progress	238,367	146,909	-	385,276
Total Capital Assets, Not Being Depreciated	<u>1,003,811</u>	<u>146,909</u>	<u>-</u>	<u>1,150,720</u>
Capital Assets, Being Depreciated				
Land Improvements	158,617	-	-	158,617
Buildings	1,454,558	-	-	1,454,558
Furniture and Equipment	532,845	59,427	(112,214)	480,058
Brine Line and Equipment	156,279,568	43,436	(209,547)	156,113,457
Wastewater Treatment and Disposal Rights	55,662,342	-	-	55,662,342
Total Capital Assets Being Depreciated	<u>\$214,087,930</u>	<u>\$ 102,863</u>	<u>\$ (321,761)</u>	<u>\$213,869,032</u>
Less Accumulated Depreciation				
Land Improvements	\$ (90,625)	\$ (4,425)	\$ -	\$ (95,050)
Buildings	(938,757)	(37,549)	-	(976,306)
Furniture and Equipment	(368,501)	(35,321)	112,214	(291,608)
Brine Line and Equipment	(68,573,081)	(3,665,506)	174,636	(72,063,951)
Accumulated Amortization	<u>(28,128,426)</u>	<u>(1,400,918)</u>	<u>-</u>	<u>(29,529,344)</u>
Total Accumulated Depreciation	<u>(98,099,390)</u>	<u>(5,143,719)</u>	<u>286,850</u>	<u>(102,956,259)</u>
Total Capital Assets Being Depreciated, Net	<u>115,988,540</u>	<u>(5,040,856)</u>	<u>(34,911)</u>	<u>110,912,773</u>
Total Capital Assets, Net	<u>\$116,992,351</u>	<u>\$ (4,893,947)</u>	<u>\$ (34,911)</u>	<u>\$112,063,493</u>

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**5) COMPENSATED ABSENCES**

Compensated absences comprise of unpaid vacation and sick leave which is accrued as earned.

The changes to compensated absences balances at June 30, 2020 and 2019 were as follows:

	<u>Balance</u> 2019	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> 2020	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
Compensated Absences	\$ 627,082	\$ 462,720	\$(375,369)	\$ 714,433	\$ 214,330	\$ 500,103
	<u>Balance</u> 2018	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> 2019	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
Compensated Absences	\$ 592,909	\$ 471,054	\$(436,881)	\$ 627,082	\$ 188,125	\$ 438,957

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**6) LONG-TERM DEBT**

Changes in long-term debt for the year ended June 30, 2020, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>SWRCB Brine Line Reach V Loans</i>				
<i>(Direct Borrowings):</i>				
Loan I	\$ 961,675	\$ -	\$ (312,100)	\$ 649,575
Loan II & III	774,174	-	(251,463)	522,711
Loan IV	435,337	-	(214,557)	220,780
Loan V	825,047	-	(267,988)	557,059
Total SWRCB Brine Line Reach V Loans	2,996,233	-	(1,046,108)	1,950,125
 <i>State Revolving Fund Loan</i>				
<i>(Direct Borrowing):</i>				
Reach IVA & IVB	12,124,372	-	(729,040)	11,395,332
 <i>SWRCB Inland Empire Brine Line</i>				
<i>Reach V Loans (Direct Borrowing):</i>				
Loan I	14,726,876	-	(385,392)	14,341,484
Total Long-term Debt	29,847,481	\$ -	\$(2,160,540)	27,686,941
Less: Current Portion	(2,160,539)			(2,214,971)
Long-term Portion	\$27,686,942			\$25,471,970



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**6) LONG-TERM DEBT - Continued**

Changes in long-term debt for the year ended June 30, 2019, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>SWRCB Brine Line Reach V Loans</i>				
<i>(Direct Borrowings):</i>				
Loan I	\$ 1,265,570	\$ -	\$ (303,895)	\$ 961,675
Loan II & III	1,019,265	-	(245,091)	774,174
Loan IV	643,848	-	(208,511)	435,337
Loan V	1,086,243	-	(261,196)	825,047
Total SWRCB Brine Line Reach V Loans	4,014,926	-	(1,018,693)	2,996,233
 <i>State Revolving Fund Loan</i>				
<i>(Direct Borrowing):</i>				
Reach IVA & IVB	12,834,937	-	(710,565)	12,124,372
 <i>SWRCB Inland Empire Brine Line</i>				
<i>Reach V Loans (Direct Borrowing):</i>				
Loan I	15,000,000	159,895	(433,019)	14,726,876
Total Long-term Debt	31,849,863	\$ 159,895	\$(2,162,277)	29,847,481
Less: Current Portion	(2,107,050)			(2,160,539)
Long-term Portion	\$29,742,813			\$27,686,942

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**6) LONG-TERM DEBT - Continued**

**Direct Borrowings and Direct Placements**

The Authority's total outstanding loans are from direct borrowings and direct placements. There are no provisions for the outstanding loans in the event of default and no assets were held as collateral.

**State Water Resources Control Board - Brine Line Reach V Loan No. I**

This loan, in the amount of \$5,089,798, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$338,065, at the rate of 2.70%, commenced on October 5, 2002, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2021	320,527	17,538	338,065
2022	329,048	8,886	337,934
Total	649,575	<u>\$ 26,424</u>	<u>\$ 675,999</u>
Less: Current Portion	<u>(320,527)</u>		
Total Noncurrent	<u>\$ 329,048</u>		

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**6) LONG-TERM DEBT - Continued**

**State Water Resources Control Board - Brine Line Reach V Loan No. II and III**

This loan, in the amount of \$4,187,933, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$271,592, at the rate of 2.60%, commenced on October 5, 2002, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2021	258,001	13,591	271,592
2022	264,710	6,882	271,592
Total	522,711	\$ 20,473	\$ 543,184
Less: Current Portion	(258,001)		
Total Noncurrent	\$ 264,710		

**State Water Resources Control Board - Brine Line Reach V Loan No. IV**

This loan, in the amount of \$3,373,815, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$227,181, at the rate of 2.90%, commenced on September 11, 2001, and will mature on September 11, 2020.

For the Year Ended June, 30,	Principal	Interest	Total
2021	220,780	6,401	227,181
Total	220,780	\$ 6,401	\$ 227,181
Less: Current Portion	(220,780)		
Total Noncurrent	\$ -		

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**6) LONG-TERM DEBT - Continued**

**State Water Resources Control Board - Brine Line Reach V Loan No. V**

This loan, in the amount of \$4,455,792, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$289,439, at the rate of 2.90%, commenced on October 5, 2004, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2021	274,955	14,484	289,439
2022	282,104	7,333	289,437
Total	557,059	\$ 21,817	\$ 578,876
Less: Current Portion	(274,955)		
Total Noncurrent	\$ 282,104		

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**6) LONG-TERM DEBT - Continued**

**State Revolving Fund Loan - Reach IV-A and IV-B**

On April 13, 2011, the Authority entered into a loan agreement to receive up to \$16,850,337 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend its useful life of the Inland Empire Brine Line upstream of Prado Dam. Terms of the loan call for annual principal and interest payments of \$1,044,273 based on the net loan amount of \$16,850,337, at the rate of 2.60%, commenced on December 29, 2013, and will mature on December 29, 2032.

For the Year Ended June, 30,	Principal	Interest	Total
2021	747,994	296,279	1,044,273
2022	767,442	276,831	1,044,273
2023	787,396	256,877	1,044,273
2024	807,868	236,405	1,044,273
2025	828,873	215,400	1,044,273
2026-2030	4,479,052	742,315	5,221,367
2031-2033	2,976,707	129,650	3,106,357
Total	11,395,332	\$ 2,153,757	\$ 13,549,089
Less: Current Portion	(747,994)		
Total Noncurrent	\$ 10,647,338		

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**6) LONG-TERM DEBT - Continued**

**SWRCB Inland Empire Brine Line Reach V Loans - Loan 1**

On May 14, 2014, the Authority entered into a loan agreement to receive up to \$15,000,000 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend the useful life of the Inland Empire Brine Line. Terms of the loan call for annual principal and interest payments of \$665,202 commencing on March 31, 2019, at the rate of 1.9%, and maturing March 31, 2048.

For the Year Ended June, 30,	Principal	Interest	Total
2021	392,714	272,488	665,202
2022	400,176	265,027	665,203
2023	407,779	257,423	665,202
2024	415,527	249,675	665,202
2025	423,422	241,780	665,202
2026-2030	2,240,887	1,085,126	3,326,013
2031-2035	2,462,015	863,997	3,326,012
2036-2040	2,704,965	621,047	3,326,012
2041-2045	2,971,889	354,123	3,226,012
2046-2048	1,922,110	73,498	1,995,608
Total	14,341,484	\$ 4,284,184	\$18,625,668
Less: Current Portion	(392,714)		
Total Noncurrent	\$ 13,948,770		

**7) UNEARNED REVENUE**

The changes in unearned revenue at June 30, 2020 and 2019 were as follows:

Balance 2019	Additions	Deletions	Balance 2020
\$ 67,698,980	\$ -	\$ 2,510,154	\$ 65,188,826

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**7) UNEARNED REVENUE - Continued**

Balance 2018	Additions	Deletions	Balance 2019
\$ 70,209,134	\$ -	\$ 2,510,154	\$ 67,698,980

**8) NET POSITION**

Calculation of net position as of June 30, 2020 and 2019 were as follows:

	2020	2019
Net Investment in Capital Assets:		
Capital Assets - Not Being Depreciated	\$ 1,154,918	\$ 1,150,720
Depreciable Capital Assets, Net	106,357,102	110,912,773
SWRCB Brine Line Reach V Loans Payable	(1,950,125)	(2,996,233)
SRF Reach IVA & IVB Loan Payable	(11,395,332)	(12,124,372)
SWRCB Brine Line Reach V Loans Payable	(14,341,484)	(14,726,876)
Total Net Investment in Capital Assets	79,825,079	82,216,012
Restricted Net Position:		
SRF Reach IVA & IVB Reserve Requirement	1,050,000	1,050,000
Mitigation	1,910,560	1,910,560
Total Restricted	2,960,560	2,960,560
Unrestricted Net Position	(9,460,533)	(13,617,096)
Total Net Position	\$ 73,325,106	\$ 71,559,476

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**9) JOINT VENTURES**

**Lake Elsinore & San Jacinto Watersheds Authority (LESJWA)**

The Authority is a member of LESJWA, a Joint Powers Authority created on March 8, 2000, for the purpose of implementing projects and programs to improve the two watersheds in order to preserve agricultural land, protect wildlife habitat, protect and enhance recreational resources, and improve lake water quality, for the benefit of the general public. Other members include the City of Canyon Lake, the City of Lake Elsinore, Elsinore Valley Municipal Water District, and the County of Riverside. Each member agency appoints one Director and one alternate to serve on the Board, with both also on the member’s agency’s board. Each member agency has agreed to make contributions for construction and operations, if necessary.

Upon dissolution of LESJWA, each member agency will receive its proportionate or otherwise defined share of the assets, and each member agency will contribute its proportionate or otherwise defined share of any enforceable liabilities incurred.

The Authority conducts the administrative function of LESJWA, which reimburses the Authority based on invoices for administrative services provided. During the year ended June 30, 2020 and 2019, administrative services provided to LESJWA totaled \$191,265 and \$193,588, respectively, which is included in operating revenue.

The financial statements for LESJWA are available from the Authority.

As of June 30, 2020 and 2019, LESJWA had assets, liabilities and deferred inflows of resources and net position as follows:

	2020	2019
Total Assets	\$ 305,549	\$ 607,750
Total Liabilities and Deferred Inflows of Resources	\$ 134,423	\$ 262,951
Net Position	\$ 171,126	\$ 344,799



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**10) DEFINED BENEFIT PENSION PLANS**

**A. General Information about the Pension Plans**

***Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in the Authority's 2% at 55 (Classic) and 2% at 62 (PEPRA) Miscellaneous Employee Pension Plans, cost-sharing multiple-employer employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

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**10) DEFINED BENEFIT PENSION PLANS - Continued**

**A. General Information about the Pension Plans - Continued**

***Benefits Provided - Continued***

The Plans' provisions and benefits in effect at June 30, 2020 and 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	7%	7.25%
Required Employer Contribution Rates:		
Normal Cost Rate	11.120%	7.191%
Payment of Unfunded Liability	\$ 237,191	\$ 6,312

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Authority contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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**10) DEFINED BENEFIT PENSION PLANS – Continued**

**A. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2020 and 2019, the Authority reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2020		2019
Miscellaneous	\$ 4,081,229		\$ 3,649,848

The Authority’s net pension liability was measured as of June 30, 2019 and 2018, and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017, rolled forward to June 30, 2019 and 2018, using standard update procedures. The Authority’s proportionate share of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The changes in the Authority’s proportionate share of the collective net pension liabilities were as follows:

	2020		2019
Beginning of Measurement Period	0.03788%		0.03756%
Ending of Measurement Period	0.03983%		0.03788%
Change - Increase (Decrease)	0.00195%		0.00032%

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**10) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

For the year ended June 30, 2020, the Authority recognized pension expense of \$503,309. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,104,168	\$ -
Differences between expected and actual experience	283,459	(21,962)
Changes in assumptions	194,612	(68,988)
Change in employer's proportion	243,195	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(186,855)
Net differences between projected and actual earnings on plan investments	-	(71,353)
Total	\$ 3,825,434	\$ (349,158)

For the year ended June 30, 2019, the Authority recognized pension expense of \$554,514. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 485,329	\$ -
Differences between expected and actual experience	140,038	(47,654)
Changes in assumptions	416,094	(101,976)
Change in employer's proportion	227,074	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(149,211)
Net differences between projected and actual earnings on plan investments	18,044	-
Total	\$ 1,286,579	\$ (298,841)

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**10) DEFINED BENEFIT PENSION PLANS – Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

\$3,104,168 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2021	\$ 332,681
2022	(12,597)
2023	37,606
2024	14,418
2025	-
Thereafter	-

\$485,329 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2020	\$ 393,496
2021	235,225
2022	(93,485)
2023	(32,827)
2024	-
Thereafter	-

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**10) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources  
Related to Pensions - Continued**

*Actuarial Assumptions*

For the measurement periods ended June 30, 2019 and 2018, the total pension liabilities were determined by rolling forward the June 30, 2018 and 2017 total pension liabilities determined in the June 30, 2018 and 2019 actuarial accounting valuation. The June 30, 2019 and 2018 total pension liabilities, was based on the following actuarial methods and assumptions:

Valuation Dates	June 30, 2019 and 2018
Measurement Dates	June 30, 2019 and 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5% (2019) and 2.5% (2018)
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

\* The mortality table used was developed based on CalPERS' special data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found at the CalPERS website. .

All other actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

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**10) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

***Discount Rate***

The discount rate used to measure the total pension liability at June 30, 2019 and 2018 measurement dates was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB 68 Crossover Testing Report" that can be obtained from the CalPERS website.

***Long-term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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**10) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources  
Related to Pensions - Continued**

***Long-term Expected Rate of Return - Continued***

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

**2020**

Asset Class <sup>(a)</sup>	New Strategic Allocation	Real Return Years 1 - 10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	<u>100%</u>		

<sup>(a)</sup> In the System's CAFR, fixed income is included in Global Debt Securities; liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

<sup>(b)</sup> An expected inflation of 2.00% used for this period.

<sup>(c)</sup> An expected inflation of 2.92% used for this period.



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**10) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

***Long-term Expected Rate of Return - Continued***

**2019**

Asset Class <sup>(a)</sup>	New Strategic Allocation	Real Return Years 1 - 10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
<b>Total</b>	<b>100%</b>		

(a) In the System's CAFR, fixed income is included in Global Debt Securities; liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

***Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate***

The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plans, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

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**10) DEFINED BENEFIT PENSION PLANS – Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

*Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate - Continued*

	2020	2019
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 6,696,816	\$ 6,043,266
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 4,081,229	\$ 3,649,848
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 1,922,246	\$ 1,674,120

***Pension Plans Fiduciary Net Position***

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plans**

At June 30, 2020 and 2019, the Authority had no outstanding amount of contributions to the pension plans required for the years ended June 30, 2020 and 2019.

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Benefits Offered**

The Authority defined benefit post-employment healthcare plan, SAWPA Post Employment Healthcare Plan (SPHP), provides medical benefits to eligible retired Authority employees and spouses. The Authority's employees hired prior to July 1, 2005, who retire at age 58 or older with a minimum of ten years of service with the Authority are eligible for lifetime medical benefits. Benefits are also provided to spouses. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized post-employment medical benefits. The Authority contributes the entire premium cost up to a predetermined cap. The cap is defined as the Kaiser Family premium rate. The 2020 monthly cap per retiree is \$1,782. SHPHP is part the Public Agency portion of the California Employers' Retiree Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System.

CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. SPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Authority resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**

The contribution requirements of plan members and the Authority are established and may be amended by the Commission. The Authority contributes the entire premium cost up to a predetermined cap. The 2020 calendar cap is \$1,782 per month. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized postemployment medical benefits.

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Employees Covered***

As of the June 30 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

	2019	2018
Active employees	9	9
Inactive employees or beneficiaries currently receiving benefits	5	5
Inactive employees entitled to, but not yet receiving benefits	-	-
<b>Total</b>	14	14

***Contributions***

The annual contribution is based on the actuarially determined contribution. For the fiscal years ended June 30, 2020 and 2019, the Authority's cash contributions were \$74,390 and \$72,317, respectively in payments to the trust.

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Net OPEB Liability***

The Authority's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

<u>Actuarial Assumptions</u>	(Measurement Periods June 30, 2019 and 2018)
Discount Rate	6.73%
Inflation	2.26%
Salary Increases	3.25% plus merit
Investment Rate of Return	6.73%
Mortality Rate <sup>(1)</sup>	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS Membership Data for all funds
Healthcare Trend Rate	5.00% Medicare and 7.75% Non-Medicare

Notes:

<sup>(1)</sup>Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

<sup>(2)</sup>The pre-retirement turnover information was developed based on CalPERS specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Net OPEB Liability - Continued***

and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset are summarized in the following table for measurement periods June 30, 2019 and 2018:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Equity	43.0%	5.43%
Fixed Income	49.0%	1.63%
REITs	8.0%	5.06%
<b>Total</b>	<b>100%</b>	

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.73 percent for the measurement periods June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projects benefit payments to determine the total OPEB liability.

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Changes in the OPEB Liability***

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
<b>Balance at June 30, 2019</b> <b><i>(Valuation Date June 30, 2018)</i></b>	\$ 1,903,413	\$ 1,357,998	\$ 545,415
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	28,540	-	28,540
Interest	127,527	-	127,527
Differences between expected and actual experience	298,861	-	298,861
Changes of Assumptions	(248,125)	-	(248,125)
Contribution - Employer	-	149,059	(149,059)
Net Investment Income	-	100,148	(100,148)
Benefit Payments	(75,336)	(75,336)	-
Administrative Expense	-	(298)	298
<b>Net Changes</b>	<b>131,467</b>	<b>173,573</b>	<b>(42,106)</b>
<b>Balance at June 30, 2020</b> <b><i>(Measurement Date June 30, 2019)</i></b>	<b>\$ 2,034,880</b>	<b>\$ 1,531,571</b>	<b>\$ 503,309</b>

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Changes in the OPEB Liability - Continued***

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
<b>Balance at June 30, 2018</b> <i>(Valuation Date June 30, 2018)</i>	\$ 1,815,524	\$ 1,212,350	\$ 603,174
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	27,181	-	27,181
Interest	122,126	-	122,126
Differences between expected and actual experience	(4,383)	-	(4,383)
Changes of Assumptions	-	-	-
Contribution - Employer	-	129,352	(129,352)
Net Investment Income	-	73,974	(73,974)
Benefit Payments	(57,035)	(57,035)	-
Administrative Expense	-	(643)	643
<b>Net Changes</b>	<b>87,889</b>	<b>145,648</b>	<b>(57,759)</b>
<b>Balance at June 30, 2019</b> <i>(Measurement Date June 30, 2018)</i>	\$ 1,903,413	\$ 1,357,998	\$ 545,415

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement periods ended June 30, 2019 and 2018:

	1% Decrease (5.73%)	Current Discount Rate (6.73%)	1% Increase (7.73%)
<b>2019</b>			
Net OPEB Liability	\$ 291,662	\$ 503,309	\$ 757,193
<b>2018</b>			
Net OPEB Liability	\$ 341,773	\$ 545,415	\$ 788,787



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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019 and 2018:

	1% Decrease (4.00%)	Current Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
<b>2019</b>			
Net OPEB Liability	\$ 771,304	\$ 503,309	\$ 281,284
<b>2018</b>			
Net OPEB Liability	\$ 811,148	\$ 545,415	\$ 325,864

***OPEB Plan Fiduciary Net Position***

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Recognition of Deferred Outflows and Deferred Inflows of Resources - Continued***

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2020, the Authority recognized OPEB expense of \$84,424. As of fiscal year ended June 30, 2020, the Authority reported deferred outflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
OPEB contributions subsequent to measurement date	\$ 74,478	\$ -
Changes in assumptions	-	218,391
Differences between expected and actual experience in the measurement of the total OPEB liability	318,398	2,873
Net differences between projected and actual earnings on OPEB plan investments	-	1,120
	<hr/>	<hr/>
Total	<u>\$ 392,876</u>	<u>\$ 222,384</u>

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - Continued***

The \$74,478 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the subsequent fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2021	\$ 31,882
2022	31,880
2023	28,721
2024	3,531
2025	-
Thereafter	-

For the fiscal year ended June 30, 2019, the Authority recognized OPEB expense of \$87,800. As of fiscal year ended June 30, 2019, the Authority reported deferred outflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 73,723	\$ -
Changes in assumptions	-	34,843
Differences between expected and actual experience in the measurement of the total OPEB liability	117,044	3,628
Net differences between projected and actual earnings on OPEB plan investments	4,912	-
<b>Total</b>	<b>\$ 195,679</b>	<b>\$ 38,471</b>

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**11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - Continued***

The \$73,723 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
<hr/>	<hr/>
2020	\$ 21,814
2021	21,814
2022	21,812
2023	18,653
2024	(608)
Thereafter	-

**12) RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance policies from independent third parties. Settled claims have been immaterial and have not exceeded insurance coverage for the past four years.

On February 22, 1986, the Authority became self-insured with respect to its comprehensive liability coverage for toxic waste handling as allowed under California Government Code, Section 990. Coverage includes occurrences and incidents resulting in liability to the Authority, its Commissioners, officers, employees and agents. There are no outstanding claims pending.

**Santa Ana Watershed Project Authority**  
**Comprehensive Annual Financial Report**  
For the Fiscal Years Ended  
June 30, 2020 and 2019

### **13) COMMITMENTS AND CONTINGENCIES**

#### **Grant Awards**

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audits could require reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Authority believes that such disallowance, if any, would not be significant.

#### **Litigation**

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

#### **Other Commitments and Contingencies**

The Authority is contractually obligated to pay a pro rata share of capital costs associated with the maintenance of the Santa Ana Regional Interceptor (SARI) Pipeline owned by OCSD. Within the SARI pipeline, the Authority's portion is referred to as the Inland Empire Brine Line. The percentage varies with each Reach of the SARI.

In addition, there is a capital project estimated at \$3 million for which the Authority could potentially be responsible for 76 percent of the related costs.

#### **COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic continued subsequent to year end with certain restrictions required by the Governor of California, as well as local governments, which may affect revenue sources and also caused subsequent stock market volatility. The duration of the pandemic and the impact of COVID-19 on the Authority's operational and financial performance is uncertain at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Santa Ana Watershed Project Authority**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last Ten Years\***  
**As of June 30, 2020 and 2019**

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Position Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.03487%	\$ 2,169,716	\$ 2,294,398	94.57%	79.82%
2016	0.03274%	\$ 2,247,501	\$ 2,560,510	87.78%	78.40%
2017	0.03588%	\$ 3,104,742	\$ 2,795,885	111.05%	74.06%
2018	0.03755%	\$ 3,724,430	\$ 3,098,371	120.21%	73.31%
2019	0.0378.8%	\$ 3,649,848	\$ 3,065,932	119.05%	75.26%
2020	0.03983%	\$ 4,081,229	\$ 3,166,203	128.90%	77.73%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

For the 2020 and 2019 fiscal years, there were no changes. For the 2018 fiscal year, the accounting discount rate reduced from 7.65% to 7.15%. For the 2016 fiscal year, amounts reported reflect an adjustment to the discount rate of 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only six years are shown.

**Santa Ana Watershed Project Authority**  
**Schedule of Contributions - Pension**  
**Last Ten Years\***  
**As of June 30, 2020 and 2019**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 273,547	\$ (273,547)	\$ -	\$ 2,560,510	10.68%
2016	\$ 339,020	\$ (339,020)	\$ -	\$ 2,795,885	12.13%
2017	\$ 388,896	\$ (388,896)	\$ -	\$ 3,098,371	12.55%
2018	\$ 422,430	\$ (422,430)	\$ -	\$ 3,065,932	13.78%
2019	\$ 485,329	\$ (485,329)	\$ -	\$ 3,166,203	15.33%
2020	\$ 552,495	\$ (3,104,168)	\$ (2,551,673)	\$ 3,277,860	94.70%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age**
Amortization Method	Level Percent of Payroll, Closed**
Asset Valuation Method	Market Value***
Inflation	2.5%**
Salary Increases	Depending on Age, Service, and Type of Employment**
Investment Rate of Return	7.50%, Net of Pension Plan Investment, Including Inflation**
Retirement Age	50 for All Plans with the Exception of 52 for Miscellaneous PEPRA 2% at 62**
Mortality	Mortality Assumptions are Based on Mortality Rates Resulting from the Most Recent CalPERS Experience Study Adopted by the CalPERS Board**

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only six years are shown.

\*\* The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended July 30, 2015 and 2016, respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-year Smoothed Market Method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).



**Santa Ana Watershed Project Authority**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios for**  
**Measurement Periods Ended June 30,**

Measurement Period	2019	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 28,540	\$ 27,181
Interest on the Total OPEB Liability	127,527	122,126
Differences between Expected and Actual Experience	298,861	(4,383)
Changes in Assumptions	(248,125)	-
Changes in Benefit Terms	-	-
Benefit Payments	(75,336)	(57,035)
	<hr/>	<hr/>
<b>Net Change in Total OPEB Liability</b>	<b>131,467</b>	<b>87,889</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,903,413</b>	<b>1,815,524</b>
	<hr/>	<hr/>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 2,034,880</b>	<b>\$ 1,903,413</b>
	<hr/>	<hr/>
<b>Plan Fiduciary Net Position</b>		
Contribution - Employer	\$ 149,059	\$ 129,352
Net Investment Income	100,148	73,974
Benefit Payments	(75,336)	(57,035)
Administrative Expense	(298)	(643)
	<hr/>	<hr/>
<b>Net Change in Plan Fiduciary Net Position</b>	<b>173,573</b>	<b>145,648</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,357,998</b>	<b>1,212,350</b>
	<hr/>	<hr/>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 1,531,571</b>	<b>\$ 1,357,998</b>
	<hr/>	<hr/>
<b>Net OPEB Liability - Ending (a)-(b)</b>	<b>\$ 503,309</b>	<b>\$ 545,415</b>
	<hr/>	<hr/>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	75%	71%
Covered-Employee Payroll	\$ 1,336,336	\$ 1,238,555
Net OPEB Liability as a Percentage of Covered-Employee Payroll	38%	44%

**Santa Ana Watershed Project Authority**  
**Schedule of Contributions - OPEB**  
**Last Ten Fiscal Years'**

Measurement Period	2017
<b>Total OPEB Liability</b>	
Service Cost	\$ 26,828
Interest on the Total OPEB Liability	108,355
Differences between Expected and Actual Experience	22,281
Changes in Assumptions	103,114
Changes in Benefit Terms	-
Benefit Payments	(55,611)
<b>Net Change in Total OPEB Liability</b>	<b>204,967</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,610,557</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,815,524</b>
<b>Plan Fiduciary Net Position</b>	
Contribution - Employer	\$ 121,424
Net Investment Income	79,164
Benefit Payments	(55,611)
Administrative Expense	(572)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>144,405</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,067,945</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 1,212,350</b>
<b>Net OPEB Liability - Ending (a)-(b)</b>	<b>\$ 603,174</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	66.78%
Covered-Employee Payroll	\$ 1,156,128
Net OPEB Liability as a Percentage of Covered-Employee Payroll	52.17%

**Notes to Schedule:**

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Contributions are determined by an actuarial valuation based on eligible participants' estimated benefits.

**Santa Ana Watershed Project Authority**  
**Schedule of Contributions - OPEB**  
**Last Ten Fiscal Years'**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	\$ 65,813	\$ (121,424)	\$ (55,611)	\$ 1,238,555	9.8%
2019	\$ 72,317	\$ (129,352)	\$ (57,035)	\$ 1,336,336	9.7%
2020	\$ 73,723	\$ (149,059)	\$ (75,336)	\$ 1,379,767	10.8%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Years 2020 and 2019 were from the June 30, 2018 actuarial valuation, respectively.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.25%
Payroll Growth	3.25% plus merit
Investment Rate of Return	6.73% per annum
Healthcare Cost-trend Rates	5.00% Medicare and 7.75% Non-Medicare
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

Contributions are determined by an actuarial valuation based on an eligible participants estimated benefits.

## **SUPPLEMENTARY SCHEDULES**

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Enterprise Funds**  
June 30, 2020

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Enterprise Activities</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,635,592	\$ 2,240,225	\$ 41,004,824	\$ 45,880,641
Cash and Cash Equivalents - Restricted	958,564	-	-	958,564
Investments	-	-	11,493,118	11,493,118
Interest Receivable	8,920	10,539	133,019	152,478
Accounts Receivable	-	375	1,946,721	1,947,096
Accounts Receivable - Grants	752,535	328,427	604,585	1,685,547
Accounts Receivable - Other	18,785	-	-	18,785
Prepaid Items and Other Assets	-	162,300	185,578	347,878
Mitigation Credits	1,910,560	-	-	1,910,560
Due from Other Funds	-	140,559	-	140,559
	<u>6,284,956</u>	<u>2,882,425</u>	<u>55,367,845</u>	<u>64,535,226</u>
Total Current Assets				
Non-current Assets:				
Capital Assets:				
Not Being Depreciated	389,474	445,436	320,008	1,154,918
Being Depreciated, Net of Accumulated Depreciation and Amortization	-	1,097,095	105,260,007	106,357,102
	<u>389,474</u>	<u>1,542,531</u>	<u>105,580,015</u>	<u>107,512,020</u>
Total Non-current Assets				
	<u>6,674,430</u>	<u>4,424,956</u>	<u>160,947,860</u>	<u>172,047,246</u>
Total Assets				
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amounts from Pension Plans	-	3,825,434	-	3,825,434
Deferred Amounts from OPEB Plan	-	392,876	-	392,876
	<u>-</u>	<u>4,218,310</u>	<u>-</u>	<u>4,218,310</u>
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 4,218,310</u>	<u>\$ -</u>	<u>\$ 4,218,310</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Enterprise Funds**  
June 30, 2020

	Capital Projects Activities	Internal Administration	Enterprise Activities	Totals
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 2,102,939	\$ 78,339	\$ 1,459,012	\$ 3,640,290
Accrued Salaries and Wages	-	157,207	-	157,207
Accrued Interest Payable	66	-	256,048	256,114
Due to Other Funds	140,559	-	-	140,559
Long-term Liabilities - Due Within One Year:				
Compensated Absences	-	214,330	-	214,330
Loans Payable	-	-	2,214,971	2,214,971
<b>Total Current Liabilities</b>	<b>2,243,564</b>	<b>449,876</b>	<b>3,930,031</b>	<b>6,623,471</b>
Noncurrent Liabilities:				
Unearned Revenue	-	-	65,188,826	65,188,826
Long-term Liabilities - Due in More Than One Year:				
Compensated Absences	-	500,103	-	500,103
Loans Payable	-	-	25,471,970	25,471,970
Net Pension Liability	-	4,081,229	-	4,081,229
Net OPEB Liability	-	503,309	-	503,309
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>5,084,641</b>	<b>90,660,796</b>	<b>95,745,437</b>
<b>Total Liabilities</b>	<b>2,243,564</b>	<b>5,534,517</b>	<b>94,590,827</b>	<b>102,368,908</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amount from Pension Plans	-	349,158	-	349,158
Deferred Amount from OPEB Plan	-	222,384	-	222,384
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>571,542</b>	<b>-</b>	<b>571,542</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	389,474	1,542,531	77,893,074	79,825,079
Restricted for:				
SRF Reach IVA & IVB Reserve Requirement	-	-	1,050,000	1,050,000
Mitigation	1,910,560	-	-	1,910,560
Unrestricted	2,130,832	994,676	(12,586,041)	(9,460,533)
<b>Total Net Position</b>	<b>\$ 4,430,866</b>	<b>\$ 2,537,207</b>	<b>\$ 66,357,033</b>	<b>\$ 73,325,106</b>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Enterprise Funds**  
For the Year Ended June 30, 2020

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Enterprise Activities</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Wastewater Treatment and Disposal	\$ -	\$ -	\$ 11,547,220	\$ 11,547,220
Wastewater Treatment and Disposal - Capacity Rights	-	-	2,510,154	2,510,154
Other	191,267	2,425	-	193,692
Total Operating Revenues	<u>191,267</u>	<u>2,425</u>	<u>14,057,374</u>	<u>14,251,066</u>
<b>OPERATING EXPENSES</b>				
Wastewater Treatment and Disposal	-	-	6,682,965	6,682,965
General and Administrative and Overhead	-	989,568	-	989,568
Studies and Planning Costs	4,396,714	-	-	4,396,714
Total Operating Expenses	<u>4,396,714</u>	<u>989,568</u>	<u>6,682,965</u>	<u>12,069,247</u>
Operating Income (Loss) Before Depreciation and Amortization	(4,205,447)	(987,143)	7,374,409	2,181,819
Depreciation	-	(98,292)	(3,661,279)	(3,759,571)
Amortization	-	-	(1,400,918)	(1,400,918)
Operating Income (Loss)	<u>(4,205,447)</u>	<u>(1,085,435)</u>	<u>2,312,212</u>	<u>(2,978,670)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Member Contributions	925,000	676,965	503,990	2,105,955
Intergovernmental	3,656,438	400,080	778,275	4,834,793
Investment Earnings	57,486	57,131	1,381,737	1,496,354
Interest Expense	-	-	(643,758)	(643,758)
Grant Program Expenses	(2,152,930)	(400,021)	(492,453)	(3,045,404)
Gain/Loss on Disposal of Assets	-	(5,440)	1,800	(3,640)
Total Nonoperating Revenues (Expenses)	<u>2,485,994</u>	<u>728,715</u>	<u>1,529,591</u>	<u>4,744,300</u>
Income (Loss) Before Transfers	(1,719,453)	(356,720)	3,841,803	1,765,630
<b>TRANSFERS</b>	<u>1,704,583</u>	<u>1,599,764</u>	<u>(3,304,347)</u>	<u>-</u>
Changes in Net Position	(14,870)	1,243,044	537,456	1,765,630
Net Position - Beginning of Year	<u>4,445,736</u>	<u>1,294,163</u>	<u>65,819,577</u>	<u>71,559,476</u>
Net Position - End of Year	<u>\$ 4,430,866</u>	<u>\$ 2,537,207</u>	<u>\$ 66,357,033</u>	<u>\$ 73,325,106</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Capital Projects Activities**  
June 30, 2020

	<u>Brine Line Protection Project</u>	<u>Basin Planning</u>	<u>Watershed Management Plan</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,365,419	\$ 273,319	\$ 260,162
Cash and Cash Equivalents - Restricted	-	-	-
Interest Receivable	-	1,322	1,216
Accounts Receivable - Grants	-	-	-
Accounts Receivable - Other	-	-	-
Mitigation Credits	-	-	-
	<u>1,365,419</u>	<u>274,641</u>	<u>261,378</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets			
	<u>1,365,419</u>	<u>274,641</u>	<u>261,378</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,365,419	14,758	20,657
Accrued Interest Payable	-	-	-
Due to Other Funds	-	-	-
	<u>1,365,419</u>	<u>14,758</u>	<u>20,657</u>
Total Liabilities			
	<u>1,365,419</u>	<u>14,758</u>	<u>20,657</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	-	-
Restricted for Mitigation	-	-	-
Unrestricted	-	259,883	240,721
	<u>-</u>	<u>259,883</u>	<u>240,721</u>
Total Net Position			
	<u>\$ -</u>	<u>\$ 259,883</u>	<u>\$ 240,721</u>



<u>Basin Monitoring Prg. Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>	<u>RWQ Monitoring Task Force</u>	<u>Arundo Mgmt. &amp; Habitat Restoration</u>
\$ 144,459	\$ 127,925	\$ 154,901	\$ 295,065	\$ -
-	-	-	-	958,564
750	454	597	1,174	3,331
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,910,560
<u>145,209</u>	<u>128,379</u>	<u>155,498</u>	<u>296,239</u>	<u>2,872,455</u>
-	-	-	-	-
-	-	-	-	-
<u>145,209</u>	<u>128,379</u>	<u>155,498</u>	<u>296,239</u>	<u>2,872,455</u>
18,531	592	4,195	48,852	-
-	-	-	-	-
-	-	-	-	-
<u>18,531</u>	<u>592</u>	<u>4,195</u>	<u>48,852</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	1,910,560
<u>126,678</u>	<u>127,787</u>	<u>151,303</u>	<u>247,387</u>	<u>961,895</u>
<u>\$ 126,678</u>	<u>\$ 127,787</u>	<u>\$ 151,303</u>	<u>\$ 247,387</u>	<u>\$ 2,872,455</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Capital Projects Activities**  
June 30, 2020

	Water Energy DAC Grant	Emerging Constituents Task Force	Lake Elsinore Management
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 14,342	\$ -
Cash and Cash Equivalents - Restricted	-	-	-
Interest Receivable	-	76	-
Accounts Receivable - Grants	-	-	-
Accounts Receivable - Other	-	-	18,785
Mitigation Credits	-	-	-
	-	14,418	18,785
Total Current Assets	-	14,418	18,785
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	-	-
	-	-	-
Total Noncurrent Assets	-	-	-
Total Assets	-	14,418	18,785
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	587	-
Accrued Interest Payable	-	-	66
Due to Other Funds	-	-	17,387
	-	587	17,453
Total Current Liabilities	-	587	17,453
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	-	-
Restricted for Mitigation	-	-	-
Unrestricted	-	13,831	1,332
	-	13,831	1,332
Total Net Position	\$ -	\$ 13,831	\$ 1,332

<u>Reach IV-D Corrosion Repair</u>	<u>Prop 1 DACI Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ 2,635,592
-	-	958,564
-	-	8,920
-	752,535	752,535
-	-	18,785
-	-	1,910,560
<u>-</u>	<u>752,535</u>	<u>6,284,956</u>
<u>389,474</u>	<u>-</u>	<u>389,474</u>
<u>389,474</u>	<u>-</u>	<u>389,474</u>
<u>389,474</u>	<u>752,535</u>	<u>6,674,430</u>
-	629,348	2,102,939
-	-	66
-	123,172	140,559
<u>0</u>	<u>752,520</u>	<u>2,243,564</u>
389,474	-	389,474
-	-	1,910,560
-	15	2,130,832
<u>\$ 389,474</u>	<u>\$ 15</u>	<u>\$ 4,430,866</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Capital Projects Activities**  
For the Year Ended June 30, 2020

	Brine Line Protection Project	Basin Planning	Watershed Management Plan
<b>OPERATING REVENUES</b>			
Other	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-
<b>OPERATING EXPENSES</b>			
Studies and Planning Costs	1,632,075	413,031	499,854
Total Operating Expenses	1,632,075	413,031	499,854
Operating Loss	(1,632,075)	(413,031)	(499,854)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Member Contributions	-	455,000	450,000
Intergovernmental	-	-	2,976
Investment Earnings	-	8,625	8,892
Grant Program Expenses	-	-	-
Total Nonoperating Revenues (Expenses)	-	463,625	461,868
Income (Loss) Before Transfers	(1,632,075)	50,594	(37,986)
<b>TRANSFERS</b>	1,677,145	-	-
Changes in Net Position	45,070	50,594	(37,986)
Net Position - Beginning of Year	(45,070)	209,289	278,707
Net Position - End of Year	\$ -	\$ 259,883	\$ 240,721

<u>Basin Monitoring Prg. Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>	<u>RWQ Monitoring Task Force</u>	<u>Arundo Mgmt. &amp; Habitat Restoration</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>503,640</u>	<u>23,753</u>	<u>259,295</u>	<u>347,286</u>	<u>12,729</u>
<u>503,640</u>	<u>23,753</u>	<u>259,295</u>	<u>347,286</u>	<u>12,729</u>
<u>(503,640)</u>	<u>(23,753)</u>	<u>(259,295)</u>	<u>(347,286)</u>	<u>(12,729)</u>
-	10,000	-	-	-
352,016	19,000	412,032	300,520	-
7,432	2,373	4,071	6,315	17,863
-	-	-	-	-
<u>359,448</u>	<u>31,373</u>	<u>416,103</u>	<u>306,835</u>	<u>17,863</u>
(144,192)	7,620	156,808	(40,451)	5,134
-	-	(132,344)	132,344	-
(144,192)	7,620	24,464	91,893	5,134
<u>270,870</u>	<u>120,167</u>	<u>126,839</u>	<u>155,494</u>	<u>2,867,321</u>
<u>\$ 126,678</u>	<u>\$ 127,787</u>	<u>\$ 151,303</u>	<u>\$ 247,387</u>	<u>\$ 2,872,455</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position - Continued**  
**Capital Projects Activities**  
For the Year Ended June 30, 2020

	<u>Water Energy DAC Grant</u>	<u>Emerging Constituents Task Force</u>	<u>Lake Elsinore Management</u>
<b>OPERATING REVENUES</b>			
Other	\$ -	\$ -	\$ 191,267
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>191,267</u>
<b>OPERATING EXPENSES</b>			
Studies and Planning Costs	<u>9,189</u>	<u>98,719</u>	<u>201,297</u>
Total Operating Expenses	<u>9,189</u>	<u>98,719</u>	<u>201,297</u>
Operating Loss	<u>(9,189)</u>	<u>(98,719)</u>	<u>(10,030)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Member Contributions	-	-	10,000
Intergovernmental	(18,884)	40,001	-
Investment Earnings	1,175	740	-
Grant Program Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(17,709)</u>	<u>40,741</u>	<u>10,000</u>
Income (Loss) Before Transfers	(26,898)	(57,978)	(30)
<b>TRANSFERS</b>	<u>(20,601)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	(47,499)	(57,978)	(30)
Net Position - Beginning of Year	<u>47,499</u>	<u>71,809</u>	<u>1,362</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ 13,831</u>	<u>\$ 1,332</u>

<u>Reach IV-D Corrosion Repair</u>	<u>Prop 1 DACI Grant</u>	<u>Totals</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,267</u>
<u>-</u>	<u>-</u>	<u>191,267</u>
<u>-</u>	<u>395,846</u>	<u>4,396,714</u>
<u>-</u>	<u>395,846</u>	<u>4,396,714</u>
<u>-</u>	<u>(395,846)</u>	<u>(4,205,447)</u>
<u>-</u>	<u>-</u>	<u>925,000</u>
<u>-</u>	<u>2,548,777</u>	<u>3,656,438</u>
<u>-</u>	<u>-</u>	<u>57,486</u>
<u>-</u>	<u>(2,152,930)</u>	<u>(2,152,930)</u>
<u>-</u>	<u>395,847</u>	<u>2,485,994</u>
<u>-</u>	<u>1</u>	<u>(1,719,453)</u>
<u>48,039</u>	<u>-</u>	<u>1,704,583</u>
<u>48,039</u>	<u>1</u>	<u>(14,870)</u>
<u>341,435</u>	<u>14</u>	<u>4,445,736</u>
<u>\$ 389,474</u>	<u>\$ 15</u>	<u>\$ 4,430,866</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Enterprise Activities**  
June 30, 2020

	Prop 84 Drought & Final Round	Brine Line Enterprise	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 652,501	\$ 40,352,323	\$ 41,004,824
Investments	-	11,493,118	11,493,118
Interest Receivable	-	133,019	133,019
Accounts Receivable	-	1,946,721	1,946,721
Accounts Receivable - Grants	604,585	-	604,585
Prepaid Items and Other Assets	-	185,578	185,578
Total Current Assets	<u>1,257,086</u>	<u>54,110,759</u>	<u>55,367,845</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	320,008	320,008
Being Depreciated, Net of Accumulated Depreciation and Amortization	-	105,260,007	105,260,007
Total Noncurrent Assets	<u>-</u>	<u>105,580,015</u>	<u>105,580,015</u>
Total Assets	<u>1,257,086</u>	<u>159,690,774</u>	<u>160,947,860</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	451,988	1,007,024	1,459,012
Accrued Interest Payable	-	256,048	256,048
Long-term Liabilities - Due Within One Year:			
Loans Payable	-	2,214,971	2,214,971
Total Current Liabilities	<u>451,988</u>	<u>3,478,043</u>	<u>3,930,031</u>
Noncurrent Liabilities:			
Unearned Revenue	-	65,188,826	65,188,826
Long-term Liabilities - Due in More Than One Year:			
Loans Payable	-	25,471,970	25,471,970
Total Noncurrent Liabilities	<u>-</u>	<u>90,660,796</u>	<u>90,660,796</u>
Total Liabilities	<u>451,988</u>	<u>94,138,839</u>	<u>94,590,827</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	77,893,074	77,893,074
Restricted for:			
SRF Reach IVA & IVB Reserve Requirement	-	1,050,000	1,050,000
Unrestricted	805,098	(13,391,139)	(12,586,041)
Total Net Position	<u>\$ 805,098</u>	<u>\$ 65,551,935</u>	<u>\$ 66,357,033</u>



**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Enterprise Activities**  
For the Year Ended June 30, 2020

	Prop 84 Drought & Final Round	Brine Line Enterprise	Totals
<b>OPERATING REVENUES</b>			
Wastewater Treatment and Disposal	\$ -	\$ 11,547,220	\$ 11,547,220
Wastewater Treatment and Disposal - Capacity Rights	-	2,510,154	2,510,154
Total Operating Revenues	-	14,057,374	14,057,374
<b>OPERATING EXPENSES</b>			
Wastewater Treatment and Disposal	-	6,682,965	6,682,965
Total Operating Expenses	-	6,682,965	6,682,965
Operating Income (Loss) Before Depreciation and Amortization	-	7,374,409	7,374,409
Depreciation	-	(3,661,279)	(3,661,279)
Amortization	-	(1,400,918)	(1,400,918)
Operating Income (Loss)	-	2,312,212	2,312,212
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Member Contributions	503,990	-	503,990
Intergovernmental	778,275	-	778,275
Investment Earnings	-	1,381,737	1,381,737
Investment Expense	-	(643,758)	(643,758)
Grant Program Expenses	(492,453)	-	(492,453)
Gain/Loss on Disposal of Fixed Asset	-	1,800	1,800
Total Nonoperating Revenues (Expenses)	789,812	739,779	1,529,591
Income Before Transfers	789,812	3,051,991	3,841,803
<b>TRANSFERS</b>	-	(3,304,347)	(3,304,347)
Changes in Net Position	789,812	(252,356)	537,456
Net Position - Beginning of Year	15,286	65,804,291	65,819,577
Net Position - End of Year	<u>\$ 805,098</u>	<u>\$ 65,551,935</u>	<u>\$ 66,357,033</u>

**Santa Ana Watershed Project Authority**  
**Combining Statements of Fiduciary Assets and Liabilities**  
**Agency Funds**  
For the Year Ended June 30, 2020

	Legal Defense Fund	Integrated Regional Management Program Prop 84 Capital Projects	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 466,361	\$ -	\$ 466,361
Accounts Receivable - Grants	-	8,325,260	8,325,260
<b>Total Assets</b>	<b>\$ 466,361</b>	<b>\$ 8,325,260</b>	<b>\$ 8,791,621</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ -	\$ 8,325,260	\$ 8,325,260
<b>Total Current Liabilities</b>	<b>-</b>	<b>8,325,260</b>	<b>8,325,260</b>
Noncurrent Liabilities:			
Deposits - Legal Defense	466,361	-	466,361
<b>Total Noncurrent Liabilities</b>	<b>466,361</b>	<b>-</b>	<b>466,361</b>
<b>Total Liabilities</b>	<b>\$ 466,361</b>	<b>\$ 8,325,260</b>	<b>\$ 8,791,621</b>

**Santa Ana Watershed Project Authority**  
**Combining Statements of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>LEGAL DEFENSE FUND</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 458,596	\$ 7,765	\$ -	\$ 466,361
Total Assets	\$ 458,596	\$ 7,765	\$ -	\$ 466,361
Noncurrent Liabilities:				
Deposits - Legal Defense	\$ 458,596	\$ 7,765	\$ -	\$ 466,361
Total Liabilities	\$ 458,596	\$ 7,765	\$ -	\$ 466,361
<b>INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM - PROP 84 CAPITAL PROJECTS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 20,665,352	\$ 20,665,352	\$ -
Account Receivable - Grants	25,209,477	30,371,958	47,256,175	8,325,260
Total Assets	\$ 25,209,477	\$ 51,037,310	\$ 67,921,527	\$ 8,325,260
Current Liabilities:				
Accounts Payable	\$ 25,209,477	\$ (47,847,608)	\$ (30,963,391)	\$ 8,325,260
Total Liabilities	\$ 25,209,477	\$ (47,847,608)	\$ (30,963,391)	\$ 8,325,260
<b>TOTAL AGENCY FUNDS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 458,596	\$ 20,673,117	\$ 20,665,352	\$ 466,361
Accounts Receivable - Grants	25,209,477	30,371,958	47,256,175	8,325,260
Total Assets	\$ 25,668,073	\$ 51,045,075	\$ 67,921,527	\$ 8,791,621
Current Liabilities:				
Accounts Payable	\$ 25,209,477	\$ (47,847,608)	\$ (30,963,391)	\$ 8,325,260
Noncurrent Liabilities:				
Deposits - Legal Defense	458,596	7,765	-	466,361
Total Liabilities	\$ 25,668,073	\$ (47,839,843)	\$ (30,963,391)	\$ 8,791,621

# Statistical Section



## Statistical Section

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate revenues.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other agencies.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the service the Authority provides.

**Table I – Net Position by Component  
Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Net Investment in Capital Assets</b>	\$79,825,079	\$82,216,012	\$85,226,499	\$90,622,870	\$84,798,833	\$82,709,425	\$80,456,568	\$81,274,020	\$80,560,654	\$81,597,589
<b>Restricted</b>	2,960,560	2,960,560	2,960,560	3,921,155	3,923,403	3,969,074	4,167,861	4,232,102	4,263,626	3,347,218
<b>Unrestricted</b>	(9,460,533)	(13,617,096)	(19,510,100)	(24,155,787)	(21,554,491)	(21,643,941)	(20,734,190)	(17,845,678)	(17,765,116)	(19,325,941)
<b>Total Net Position</b>	\$73,325,106	\$71,559,476	\$68,676,959	\$70,388,238	\$67,167,745	\$65,034,558	\$63,890,239	\$67,660,444	\$67,059,164	\$65,618,866

*Source: Santa Ana Watershed Project Authority*

**Table II – Changes in Net Position  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue (1)	Operating Expense (2)	Operating Income/(Loss)	Total Non Operating Revenue/(Expense)	Income/(Loss) Before Capital Contributions	Special Items (3)	Change in Net Position
2020	\$14,251,066	\$17,229,736	(\$2,978,670)	\$4,744,300	\$1,765,630	\$0	\$1,765,630
2019	15,050,312	17,097,853	(2,047,541)	4,930,058	2,882,517	0	2,882,517
2018	13,665,500	19,212,739	(5,547,239)	4,763,383	(783,856)	(927,423)	(1,711,279)
2017	13,997,461	14,881,490	(884,029)	4,104,522	3,220,493	0	3,220,493
2016	12,049,027	12,762,714	(713,687)	2,846,874	2,133,187	0	2,133,187
2015	11,731,196	13,057,424	(1,326,228)	2,470,547	1,144,319	0	1,144,319
2014	11,243,430	14,527,075	(3,283,645)	2,219,169	(1,064,476)	(2,705,729)	(3,770,205)
2013	11,900,861	14,312,673	(2,411,812)	3,013,092	601,280	0	601,280
2012	12,739,489	14,859,529	(2,120,040)	3,394,668	1,274,628	0	1,274,628
2011	13,743,782	16,662,206	(2,918,424)	2,776,443	(141,981)	0	(141,981)

(1) See Table III for details of revenues.

(2) See Table IV for details of expenses.

(3) Reduction of net position from implementation of GASB 68 and GASB 75.

Source: Santa Ana Watershed Project Authority

**Table III – Revenues by Source  
(Excluding Capital Contributions and Special Items)  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenues					NonOperating Revenues						
	WWT & Disposal	WWT & Disposal Capacity Rights	Program Admin	Other Operating	Total Operating Revenue	Member Contributions	Inter Governmental	Investment Income	Gain on Disposal of Asset	Other Non Operating Income	Total Non Operating Income	Combined Revenue
2020	\$11,547,220	\$2,510,154	\$0	\$193,692	\$14,251,066	\$2,105,955	\$4,834,793	\$1,496,354	\$0	\$0	\$8,437,102	\$22,688,168
2019	12,334,346	2,510,154	0	205,812	15,050,312	1,909,415	3,490,615	1,660,061	0	0	7,060,091	22,110,403
2018	10,935,848	2,510,154	0	219,498	13,665,500	2,303,325	3,413,408	326,487	0	0	6,043,220	19,708,720
2017	11,273,024	2,519,533	0	204,904	13,997,461	2,307,624	4,795,478	193,157	0	0	7,296,259	21,293,720
2016	9,323,505	2,519,748	0	205,774	12,049,027	1,730,491	2,765,270	567,709	1,123	0	5,064,593	17,113,620
2015	8,958,914	2,510,154	0	262,128	11,731,196	1,806,745	1,257,581	432,179	1,123	0	3,497,628	15,228,824
2014	8,575,085	2,510,154	0	158,191	11,243,430	1,771,587	843,283	457,867	13,021	0	3,085,758	14,329,188
2013	9,170,287	2,510,154	0	220,420	11,900,861	1,829,845	1,432,832	343,591	0	0	3,606,268	15,507,129
2012	10,053,123	2,481,109	0	205,257	12,739,489	1,697,194	2,563,956	1,058,984	2,223	0	5,322,357	18,061,846
2011	10,989,257	2,467,971	268,253	18,301	13,743,782	1,646,170	1,542,723	1,178,639	0	42,000	4,409,532	18,153,314

Source: Santa Ana Watershed Project Authority

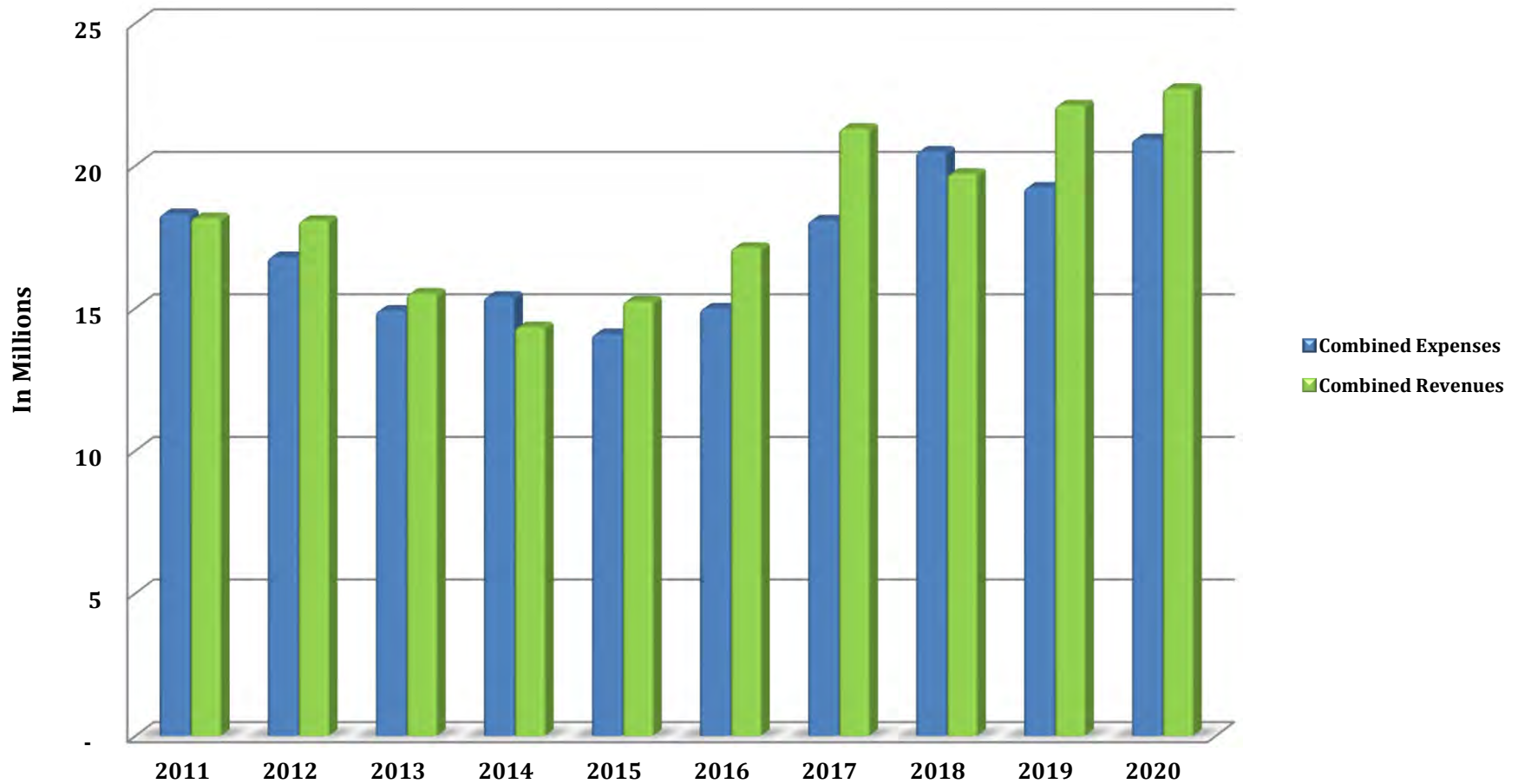


**Table IV – Expenses by Function  
Last Ten Fiscal Years**

Operating Expenses								
Fiscal Year	WWT & Disposal	General & Admin	Studies & Planning Costs	Depreciation	Amortization of WWT Rights	Total Operating Expenses	Total Non Operating Expenses	Combined Expenses
2020	\$6,682,965	\$989,568	\$4,396,714	\$3,759,571	\$1,400,918	\$17,229,736	\$3,692,802	\$20,922,538
2019	6,545,654	1,326,428	4,082,052	3,742,801	1,400,918	17,097,853	2,130,033	19,227,886
2018	5,841,074	1,429,043	7,186,572	3,355,132	1,400,918	19,212,739	1,279,837	20,492,576
2017	6,421,150	591,686	3,293,487	3,174,253	1,400,914	14,881,490	3,191,737	18,073,227
2016	6,434,652	270,613	1,485,977	3,170,554	1,400,918	12,762,714	2,217,719	14,980,433
2015	6,222,868	678,992	1,604,703	3,149,943	1,400,918	13,057,424	1,027,081	14,084,505
2014	6,864,435	487,308	2,636,556	3,137,858	1,400,918	14,527,075	866,589	15,393,664
2013	6,686,530	588,883	2,501,681	3,134,661	1,400,918	14,312,673	593,176	14,905,849
2012	7,356,155	1,125,143	2,244,658	2,732,655	1,400,918	14,859,529	1,927,689	16,787,218
2011	7,491,739	838,929	4,287,122	2,643,498	1,400,918	16,662,206	1,633,089	18,295,295

Source: Santa Ana Watershed Project Authority

Chart I - Combined Expenses and Revenues  
Last Ten Fiscal Years



**Table V - Wastewater Discharge by Type  
Last Ten Fiscal Years**

Discharge Type	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Industrial *	190.4205	146.2297	158.8551	182.3629	176.0173	149.1266	149.7733	153.7463	235.2575	233.8056
Domestic *	370.4246	365.5703	594.2034	605.6648	539.1186	686.9780	817.2502	854.2526	1,027.1307	1,015.4773
Power Plant *	165.5022	182.3315	151.9927	211.0939	203.7717	255.9079	238.1875	285.4555	362.7061	346.2390
Water Supply/Desalter *	3,260.4603	2,977.7296	2,838.0161	2,832,6086	2,789.4969	2,894.5452	2,698.2170	2,728.7335	2,657.6589	2,702.2033
Temp/Emergency *	6.3320	13.8265	2.2784	12.9104	4.7210	6.9285	10.6266	7.9366	5.0106	20.1418
Truck Discharge *	31.8486	32.1043	36.2431	29.9249	34.3066	27.2869	23.3557	30.6147	42.3407	43.2777
<b>Total</b>	<b>4,042.9882</b>	<b>3,717.7919</b>	<b>3,781.5888</b>	<b>3,874.5655</b>	<b>3,747.4321</b>	<b>4,020.7731</b>	<b>3,937.4103</b>	<b>4,060.7392</b>	<b>4,330.1045</b>	<b>4,361.1447</b>

\* MGD = million gallons per day

Source: Santa Ana Watershed Project Authority

**Table VI - Summary of Wastewater Treatment Rates  
Last Ten Fiscal Years**

Fiscal Year	Flow per MGD*	BOD Charge (1,000 lbs)	TSS Charge (1,000 lbs)	Minimum Flow Charge	Monthly Fixed Pipeline Charge	Monthly Fixed Treatment Charge	Truck - Non-Brine (per gallon)	Truck - Tier 1 (per gallon)	Truck - Tier 2 (per gallon)	Truck - Tier 3 (per gallon)	Truck - Brine (per gallon)
2020	\$979.00	\$316.00	\$442.00	\$150.00	\$6,398.00	\$12,985.00	(a)	n/a	n/a	n/a	\$0.015
2019	946.00	307.00	429.00	150.00	6,217.00	12,607.00	(a)	n/a	n/a	n/a	0.015
2018	901.00	307.00	429.00	150.00	5,921.00	12,007.00	(b)	0.017	0.035	(c)	0.012
2017	858.00	307.00	429.00	150.00	5,639.00	11,433.00	(b)	0.016	0.033	(d)	0.011
2016	817.00	301.00	420.00	150.00	5,370.00	10,888.00	(b)	0.015	0.032	(e)	0.010
2015	777.00	295.00	411.00	150.00	5,114.00	10,369.00	(b)	0.015	0.031	(f)	0.010
2014	736.00	266.00	395.00	150.00	4,870.00	9,875.00	(b)	0.015	0.031	(g)	0.010
2013	794.00	253.00	376.00	150.00	4,083.00	8,749.00	(b)	0.015	0.030	(h)	0.010
2012	830.00	225.00	335.00	150.00	3,430.00	7,868.00	(b)	0.014	0.029	(i)	0.010
2011	891.00	312.00	462.00	150.00	2,710.00	6,775.00	(b)	0.015	0.032	(j)	0.010

\* MGD – million gallons per day

- (a) FYE 2019 and FYE 2020 - Non-brine truck rate dischargers will be charged based on actual BOD and TSS concentrations over 100 mg/l using the following components: \$0.015 per gallon, \$0.75/pound of BOD, and \$0.716/pound of TSS.
- (b) Non-brine truck rate was divided into three tiers based on BOD and TSS Concentrations. Tier 1 = 100 to 999 mg/l, Tier 2 = 1,000 to 2,499 mg/l, and Tier 3 = 2,500 mg/l and higher.
- (c) FYE 2018 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0029/gallon, \$0.729/pound of BOD, and \$0.695/pound of TSS.
- (d) FYE 2017 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0027/gallon, \$0.695/pound of BOD, and \$0.662/pound of TSS.
- (e) FYE 2016 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.694/pound of BOD, and \$0.661/pound of TSS.
- (f) FYE 2015 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.687/pound of BOD, and \$0.652/pound of TSS.
- (g) FYE 2014 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.658/pound of BOD, and \$0.636/pound of TSS.
- (h) FYE 2013 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0026/gallon, \$0.645/pound of BOD, and \$0.617/pound of TSS.
- (i) FYE 2012 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0026/gallon, \$0.617/pound of BOD, and \$0.576/pound of TSS.
- (j) FYE 2011 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0025/gallon, \$0.672/pound of BOD, and \$0.683/pound of TSS.

Source: Santa Ana Watershed Project Authority

Table VII - Principal Sewer Customers  
Current Fiscal Year and Nine Years Prior

Fiscal Year 2019-20

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	743.5375	18.47%
Chino Desalter II	627.8745	15.60%
Temescal Desalter	580.6306	14.43%
Perris Desalter	461.8701	11.48%
Arlington Desalter	340.6981	8.46%
Menifee Desalter	328.6157	8.16%
JCSD - Etiwanda **	205.8357	5.11%
Mountainview Power Plant	157.5441	3.91%
Yucaipa Valley Water District	142.0501	3.53%
Chino Institute for Women	82.6589	2.05%
<b>Total Principal Customers</b>	<b>3,671.3153</b>	<b>91.21%</b>
<b>Other Customers</b>	<b>353.6729</b>	<b>8.79%</b>
<b>Total Discharge</b>	<b>4,024.9882</b>	<b>100.00%</b>

Fiscal Year 2010-11

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	702.1083	16.10%
Temescal Desalter	595.5962	13.66%
Chino Desalter II	464.8863	10.66%
JCSD - Etiwanda **	399.969	9.17%
Menifee Desalter	334.0304	7.66%
Arlington Desalter	300.5585	6.89%
Perris Desalter	288.1966	6.61%
California Rehabilitation Center	229.2935	5.26%
Inland Empire Energy Center	203.5135	4.67%
Chino Institute for Women	143.2430	3.28%
<b>Total Principal Customers</b>	<b>3,661.3953</b>	<b>83.95%</b>
<b>Other Customers</b>	<b>699.7494</b>	<b>16.05%</b>
<b>Total Discharge</b>	<b>4,361.1447</b>	<b>100.00%</b>

\* MG - million gallons

\*\* Jurupa Community Services District (JCSD) connections.

Source: Santa Ana Watershed Project Authority

**Table VIII - Debt Coverage Ratio  
Last Ten Fiscal Years**

Fiscal Year	Debt Service Requirements				Debt to Expense Ratio
	Combined Expenses	SRF Loans *	Member Loans **	Total Debt	
2020	\$20,922,538	\$2,835,753	\$-	\$2,835,753	13.6%
2019	19,227,886	2,835,753	-	2,835,753	14.7%
2018	20,492,576	2,704,270	356,250	3,060,520	14.9%
2017	18,073,226	2,704,475	356,250	3,060,725	16.9%
2016	14,980,433	3,618,242	356,250	3,974,492	26.5%
2015	14,084,505	4,152,560	356,250	4,508,810	32.0%
2014	15,393,664	4,222,260	356,250	4,578,510	29.7%
2013	14,905,849	4,179,190	356,250	4,535,440	30.4%
2012	16,787,218	4,179,191	356,250	4,535,441	27.0%
2011	18,295,295	4,179,191	356,250	4,535,441	24.8%

The Authority does not receive property tax. All revenues are collected through rates and fees or agency contributions.

The Authority does not have any outstanding Revenue Bonds. The only debt of the Authority is SRF and member agency loans.

*Notes:*

\* *State Revolving Fund (SRF) Loans for construction of the Brine Line.*

\*\* *Repurchase of Pipeline Capacity from Orange County Water District.*

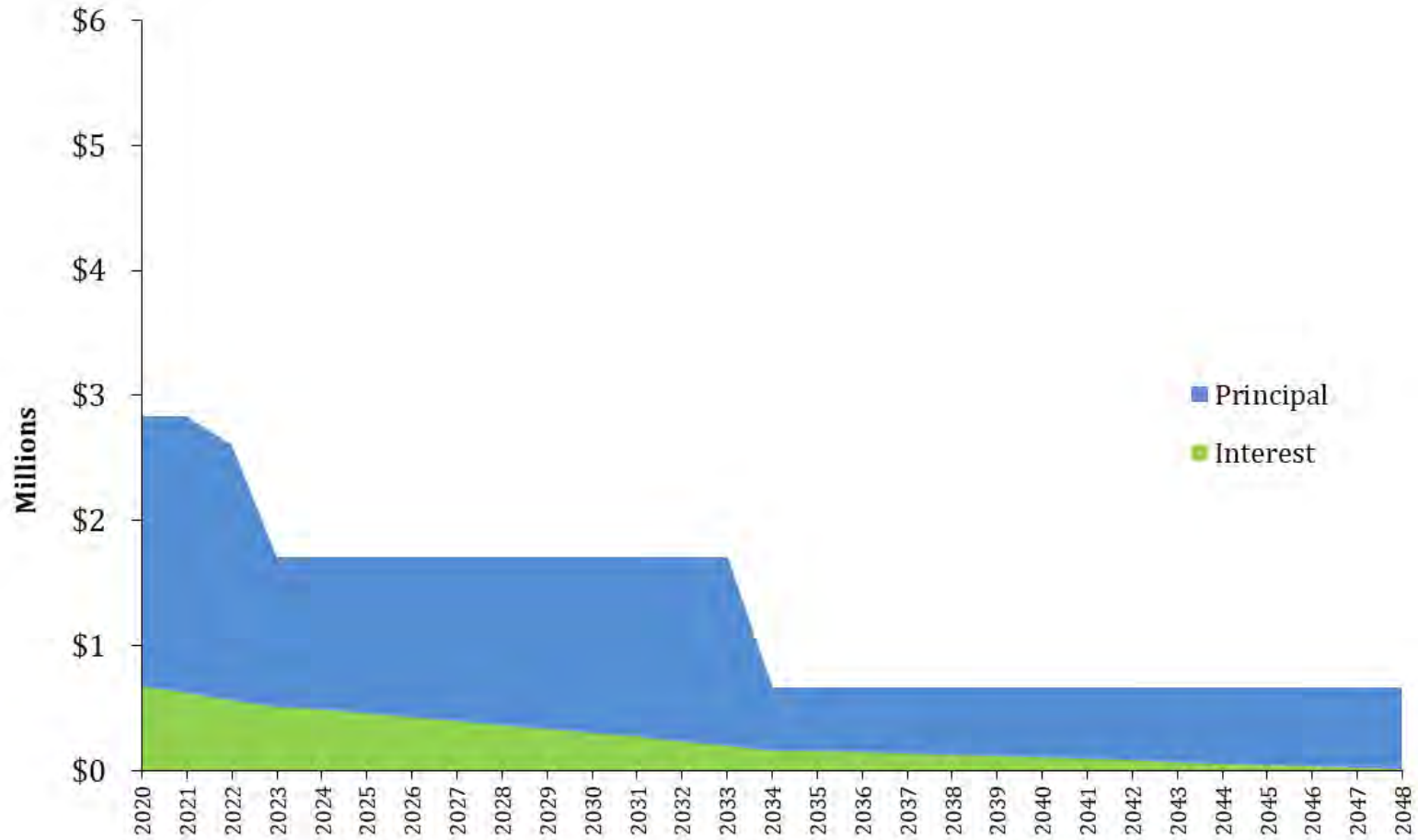
*Source: Santa Ana Watershed Project Authority*

**Table IX - Debt Service Payment Schedule  
Fiscal Years 2020- 2048**

<b>Fiscal Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>	<b>Remaining Principal</b>
2020	\$675,214	\$2,160,539	\$2,835,753	\$27,686,941
2021	620,782	2,214,971	2,835,753	25,471,969
2022	564,959	2,043,480	2,608,439	23,428,489
2023	514,301	1,195,175	1,709,476	22,233,314
2024	486,080	1,223,395	1,709,476	21,009,919
2025	457,181	1,252,295	1,709,476	19,757,624
2026	427,585	1,281,891	1,709,476	18,475,734
2027	397,276	1,312,199	1,709,476	17,163,534
2028	366,237	1,343,239	1,709,476	15,820,295
2029	334,449	1,375,027	1,709,476	14,445,268
2030	301,894	1,407,582	1,709,476	13,037,686
2031	268,553	1,440,923	1,709,476	11,596,763
2032	234,407	1,475,068	1,709,476	10,121,695
2033	199,437	1,510,039	1,709,476	8,611,656
2034	163,621	501,581	665,203	8,110,075
2035	154,091	511,111	665,203	7,598,964
2036	144,380	520,822	665,203	7,078,142
2037	134,485	530,718	665,203	6,547,424
2038	124,401	540,801	665,203	6,006,622
2039	114,126	551,077	665,203	5,455,546
2040	103,655	561,547	665,203	4,893,999
2041	92,986	572,217	665,203	4,321,782
2042	82,114	583,089	665,203	3,738,693
2043	71,035	594,167	665,203	3,144,526
2044	59,746	605,457	665,203	2,539,069
2045	48,242	616,960	665,203	1,922,109
2046	36,520	628,682	665,203	1,293,427
2047	24,575	640,627	665,203	652,799
2048	12,403	652,799	665,203	0

*Source: Santa Ana Watershed Project Authority*

## Chart II – Debt Service Payment Schedule Fiscal Years 2020 - 2048



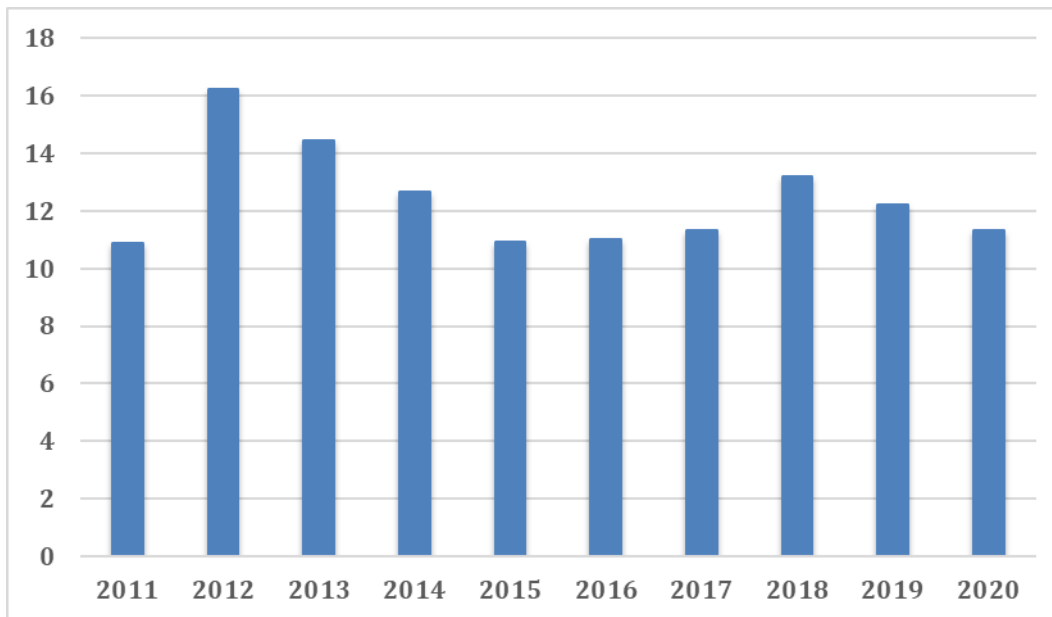
Source: Santa Ana Watershed Project Authority



**Table X – Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	SRF Loans	Member Loans	Total Debt	Percentage of Personal Income (1)	Debt Per Capita (2)
2020	\$27,686,941	\$-	\$27,686,941	0.47%	\$11.34
2019	29,847,481	-	29,847,481	0.52%	12.23
2018	31,849,863	-	31,849,863	0.57%	13.18
2017	26,087,852	855,267	26,943,119	0.50%	11.30
2016	24,184,502	1,677,567	25,862,069	0.50%	11.02
2015	22,740,274	2,468,160	25,208,434	0.49%	10.92
2014	25,629,872	3,228,436	28,858,308	0.58%	12.66
2013	28,574,379	3,959,716	32,534,095	.067%	14.43
2012	31,494,836	4,663,261	36,158,097	0.79%	16.23
2011	18,766,947	5,340,266	24,107,213	0.56%	10.87

**Chart III – Outstanding Debt Per Capita  
Last Ten Fiscal Years**

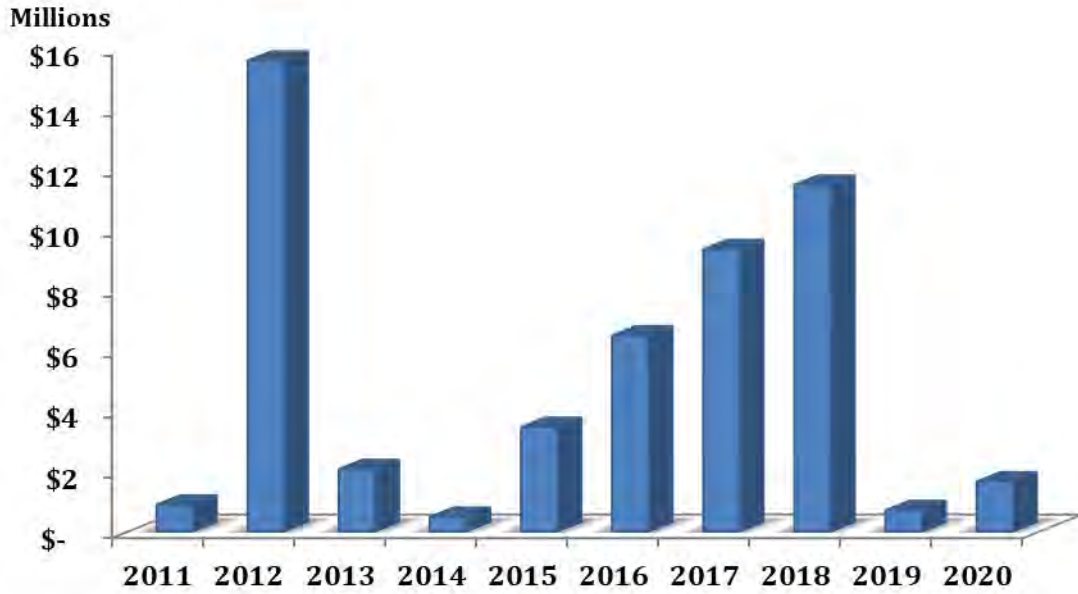


(1) Based upon Riverside County personal income amounts.

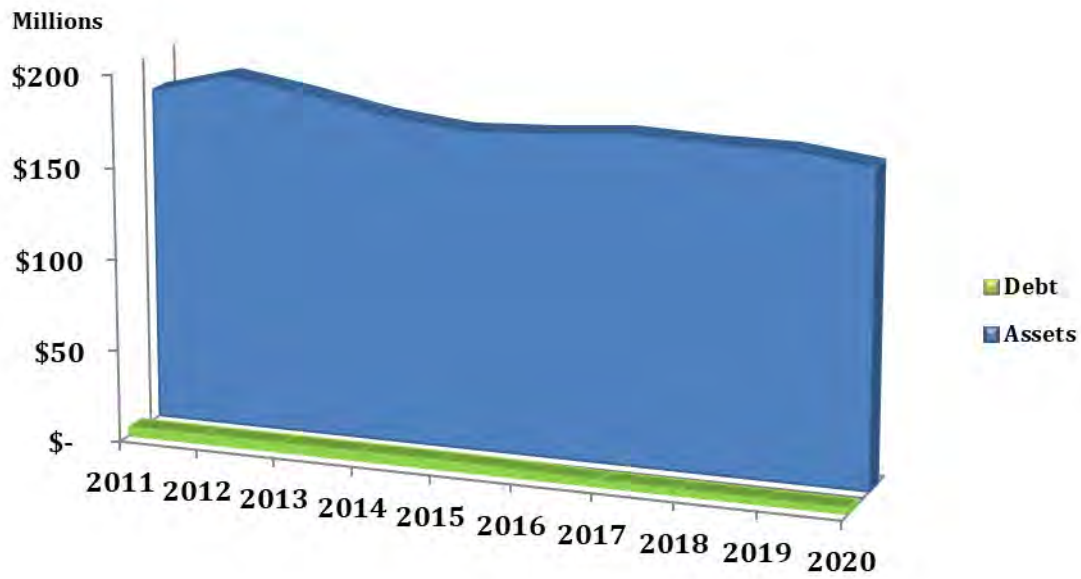
See the personal income amounts on the Demographics and Economic Statistics schedule. Amounts for prior years are updated with the most recent available information.

(2) Based upon approximate population of Riverside County. See the Demographics and Economic Statistics schedule for amounts.

### Chart IV – Capital Spending Last Ten Fiscal Years



### Chart V – Total Debt to Assets Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

**Table XI - Demographic and Economic Statistics  
Last Ten Calendar Years**

Fiscal Year	Population County (3)	Personal Income (1)	County Per Capita Personal Income	Unemployment Rate (June) <sup>4</sup>	
				County	State
2020	2,442,304	\$5,905,881,400	\$37,907 (2)	14.8 (6)	15.1 (6)
2019	2,440,124	5,693,835,260	37,074 (5)	3.6	4.1
2018	2,415,955	5,547,654,496	36,149 (5)	4.8	4.5
2017	2,384,783	5,363,874,000	35,286 (5)	5.7	4.7
2016	2,347,828	5,203,504,800	34,506 (5)	6.7	5.4
2015	2,308,441	5,122,926,900	34,359 (5)	6.6	6.3
2014	2,279,967	4,994,193,600	33,836 (5)	8.4	7.4
2013	2,255,059	4,868,571,400	33,278 (5)	9.2	8.5
2012	2,227,577	4,602,590,000	31,742 (5)	11.8	10.7
2011	2,217,778	4,294,524,500	29,927 (5)	13.3	11.8

(1) Projected personal income based on Riverside County Per Capital Personal Income.

(2) Projected based on a 10 year average.

(3) Source: California, State Department of Finance.

(4) Source: CA Employment Development Department and US Dept. of Labor. County data as of June 2019.

(5) Source: County of Riverside Comprehensive Annual Financial Report.

(6) Unemployment rate spiked during fiscal year 2020 due to the economic impact of COVID-19.

**Table XII - Principal Employers  
Last Ten Fiscal Years**

June 30, 2019 (1)			June 30, 2010 (2)		
Employer	No of Employees	% of Total Labor Force	Employer	No of Employees	% of Total Labor Force
County of Riverside	21,672	2.1%	County of Riverside	18,456	2.0%
Amazon	10,500	1.0%	Stater Bros. Markets	18,000	2.0%
U.C. Riverside	9,770	0.9%	Abbott Vascular	12,000	1.3%
March Air Reserve Base	9,600	0.9%	March Air Reserve Base	8,750	1.0%
Stater Bros. Markets	8,304	0.8%	U.C. Riverside	6,657	0.7%
Hemet School District	7,046	0.7%	Riverside Unified School District	5,099	0.6%
Kaiser Permanente	5,700	0.5%	Pechanga Resort & Casino	4,800	0.5%
Pechanga Resort & Casino	5,078	0.5%	Riverside Community College	3,753	0.4%
Walmart	4,931	0.5%	Kaiser Permanente	3,200	0.4%
<b>Total</b>	<b>82,601</b>	<b>7.9%</b>	<b>Total</b>	<b>85,215</b>	<b>9.4%</b>

Sources: (1) County of Riverside Economic Development Agency. Data presented is the most current available at the time of preparation of this report.

(2) The Business Press 2010 Book of Lists.

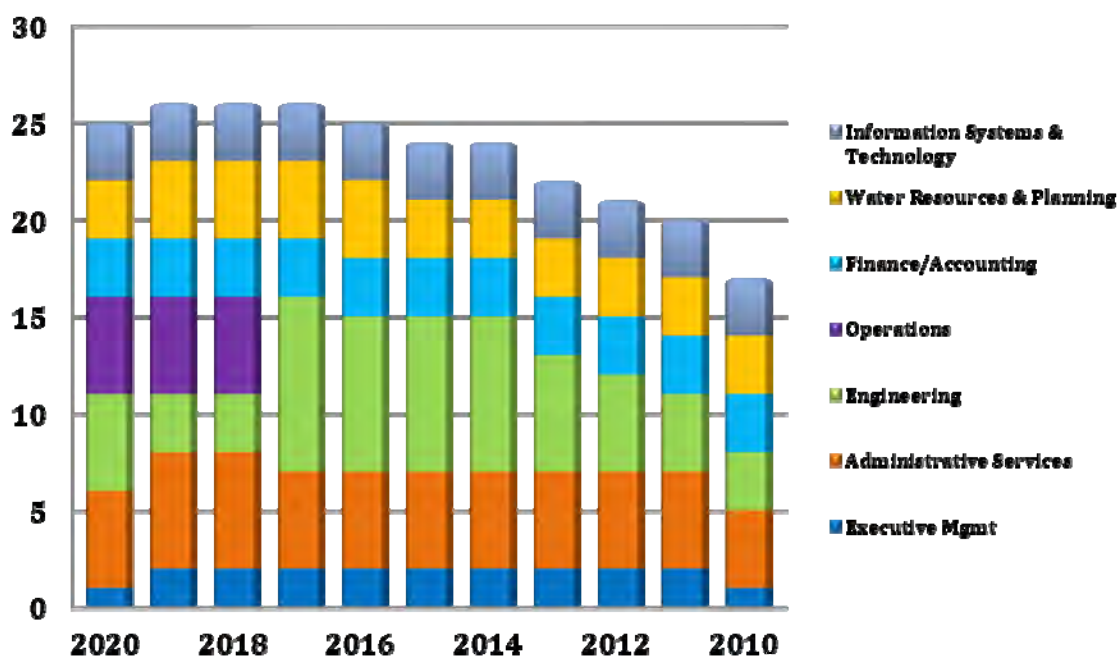
Table XIII - Number of Employees  
Last Ten Fiscal Years

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Executive Management	1	2	2	2	2	2	2	2	2	2
Administrative Services	5	6	6	5	5	5	5	5	5	5
Engineering	5	3	3	9	8	8	8	6	5	4
Operations *	5	5	5	0	0	0	0	0	0	0
Finance/Accounting	3	3	3	3	3	3	3	3	3	3
Water Resources & Planning	3	4	4	4	4	3	3	3	3	3
Information Systems & Technology	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>21</b>	<b>20</b>

\*Engineering and Operations Department was split in FYE 2018

Notes: All managers are included with their divisions. Temporary and Interns are not included.

Chart VI – Total Employees  
Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

**Table XIV - Operating and Capital Indicators  
Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Meter Connections</b>	43	40	41	51	48	48	50	50	50	45
<b>Number of Air Release Valves</b>	63	63	63	63	65	65	65	65	65	62
<b>Miles of Sewer Lines</b>	73	73	73	73	73	73	73	73	73	73
<b>Total Flows for Fiscal Years (MG)</b>	4,025.18	3,717.7919	3,774.5718	3,874.5655	3,747.4321	4,020.7731	3,937.4103	4,060.7392	4,330.1045	4,361.1447
<b>Owned Treatment Capacity (MGs)</b>	17	17	17	17	17	17	17	17	17	17

**Miscellaneous Statistics**

Year of Formation: 1972  
 Governing Body: 5-Member Board of Commissioners (1 from each Member Agency elected Board of Directors)  
 Form of Government: Joint Powers Authority  
 Staff: 25 full-time equivalent employees  
 Authority: Section 6500 et. Seq. Government Code  
 Service: Waste Disposal, Watershed Planning, Task Force Facilitation  
 Service Area (square miles): 2,840  
 Total Population Served: Approximately 6 million

*Source: Santa Ana Watershed Project Authority*

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Santa Ana Watershed Project Authority (the "Authority"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Riverside, California

\_\_\_\_\_, 2020

\_\_\_\_\_, 2020

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, CA

We have audited the financial statements of the Santa Ana Watershed Project Authority (the “Authority”) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority changed accounting policies related to the postponement of certain GASB standards by adopting Statement of Government Account Standards (GASB Statement) No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, in the 2020 fiscal year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the business-type activities’ financial statements were:

Management’s estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life. We evaluated the key factors and assumptions used to develop the capital assets depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of net other postemployment benefits (OPEB) liability is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation of defined benefit pension obligation is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the defined benefit pension obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of capital assets in Note 5 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of other postemployment benefits and the net OPEB liability in Note 12 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on these key factors and assumptions used for the actuarial valuation.

The disclosure of defined benefit pension plan in Note 11 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on these key factors and assumptions used for the actuarial valuation.

The financial statement disclosures are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as of a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the management and discussion and analysis, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions - Pension, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

As part of the audit, we assisted with the preparation of the financial statements and related notes and state controllers report preparation. However, these services, does not constitute an audit under *Government Auditing Standards* and are considered nonaudit services. Management has reviewed, approved, and accepted responsibility for the results of these services.

### Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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## COMMISSION MEMORANDUM NO. 2020.74

**DATE:** December 1, 2020  
**TO:** SAWPA Commission  
**SUBJECT:** Fiscal Year 2021-2022 and Fiscal Year 2022-2023 Budget Schedule  
**PREPARED BY:** Karen Williams, DGM/CFO

### RECOMMENDATION

It is recommended that the Commission receive and file the FY 2021-2022 and 2022-2023 Budget Schedule.

### DISCUSSION

Staff will be preparing a two-year budget for the fiscal years ending 2022 and 2023. Our FYE 2020 and 2021 Budget received the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award. This year's budget process will be very similar to the process followed for the last few years.

To start off the budget process, staff will present the budget process and specific goals and objectives for each project that are needed to help SAWPA achieve its overall vision. Staff also will hold several Budget Workshops where each member agency's financial staff will have an opportunity to review, discuss, and recommend changes to the budget before it is presented to the Commission for approval in May 2021.

This year, our goal is to continue improvement of the budget so that it can be a useful management tool for the Commission, our member agencies, and staff. Staff will submit the budget to the GFOA for their Distinguished Budget Presentation Award Program, and will follow their recommended practices in budget preparation.

### RESOURCE IMPACTS

None.

#### Attachment:

1. Budget Schedule



## Fiscal Year 2021-22, 2022-23 Budget Schedule

Meeting	Day	Date
<b>Commission Budget Overview</b> <i>Budget Process, Goals &amp; Objectives</i>	Tue.	January 19, 2021
<b>Budget Workshop - First Draft</b> <i>Chief Financial Officers</i>	Thurs.	February 11, 2021
<b>Commission Budget - First Draft</b> <i>OWOW &amp; Roundtable Budgets</i>	Tue.	February 16, 2021
<b>Commission Budget - First Draft</b> <i>General Fund Budgets</i>	Tue.	March 2, 2021
<b>PA24 Committee Budget - First Draft</b> <i>Brine Line Budget</i>	Tue.	March 2, 2021
<b>Commission Budget Workshop</b> <i>Budget Review - Comprehensive Budget</i>	Tue.	April 6, 2021
<b>PA23 Budget Presentation</b> <i>Budget Approval</i>	Tue.	April 6, 2021
<b>PA22 Budget Presentation</b> <i>Budget Approval</i>	Tue	April 13, 2021
<b>Budget Workshop - Second Draft</b> <i>Chief Financial Officers (if needed)</i>	Thurs.	April 15, 2021
<b>PA24 Committee Budget Presentation</b> <i>Budget Approval</i>	Tue.	May 4, 2021
<b>Commission Budget Presentation</b> <i>Consideration/Adoption</i>	Tue.	May 4, 2021
<b>Commission Budget Presentation</b> <i>Consideration/Adoption (If needed)</i>	Tue.	May 18, 2021
<b>Commission Budget Presentation</b> <i>Consideration/Adoption (If needed)</i>	Tue.	June 1, 2021
<b>Budget Ratification by Member Agencies</b>	Wed.	June 30, 2021

## COMMISSION MEMORANDUM NO. 2020.76

**DATE:** December 1, 2020

**TO:** SAWPA Commission

**SUBJECT:** Santa Ana River Watershed Weather Modification for Water Supply Feasibility Study | Final Recommendations

**PREPARED BY:** Mark Norton P.E., Water Resources & Planning Manager  
**(This item is subject to the provisions of Project Agreement 25)**

### RECOMMENDATION

Staff recommends that the SAWPA Commission: (1) Receive this final report presentation on the Santa Ana River Watershed Weather Modification for Water Supply Feasibility Study by North American Weather Consultants Inc.; and, (2) Support including a budget for the ground seeding site selection analysis and CEQA development in the FY 21-22 SAWPA Budget.

### DISCUSSION

On June 4, 2019, SAWPA staff in conjunction with Tom Ryan, Metropolitan Water District of Southern California (MWDSC and/or MWD), provided a presentation to the Commission about weather modification for water supply programs commonly known as cloud seeding programs. Cloud seeding is the process of adding a specific chemical agent into an already existing cloud mass that causes the cloud to thicken and/or water vapor to condense and fall as rain or snow. Cloud seeding programs have proven successful in many locations throughout Northern California and neighboring states; however, the program in Santa Barbara Water District is the only Southern California program in operation at this time. MWDSC has been financing water districts in Colorado and Northern California for several years to increase snowpack in the mountains using these methods. The project benefits MWD's customer water districts and neighboring states who also draw from the Colorado River, and who also contribute money to the project.

After the June 4, 2019, Commission meeting, SAWPA approached the SAWPA member agency GMs to determine if there was interest in conducting a feasibility study for potential weather modification for water supply in the Santa Ana River Watershed. The GMs were supportive and felt such a feasibility study could be a good first step for possible regional implementation and funding of such a program using DWR Proposition 1 Integrated Regional Water Management (IRWM) grant funding under Round 2 anticipated in the FY 21-22 timeframe. Further, the potential benefits of increased precipitation in the watershed, 5-15% on average, could have significant benefit to local ski resorts, forest fire suppression, downstream stormwater recharge, and replenishment of natural lakes like Lake Elsinore which is very dependent on storm flow.

On August 6, 2019, the SAWPA Commission supported SAWPA staff issuing a Request for Proposals (RFP) for a feasibility study to conduct the Santa Ana River Watershed Weather Augmentation Study. Based on a review panel recommendation, the SAWPA Commission on December 17, 2019 approved an agreement for services and task order with North American Weather Consultants Inc. to conduct a feasibility study for the Watershed Weather Modification for Water



Supply Feasibility Study, also known as cloud seeding. Funding for this study was provided by each SAWPA member agency contributing \$15,000 each for the \$75,000 study.

On May 19, 2020 in accordance with the Scope of Work, a milestone decision point interim report was prepared and shared reflecting the first two tasks: Task 1 Data Collection and Task 2 Target Sites Selection. Mr. Garrett Cammans, President of North American Weather Consultants Inc. provided a presentation about the preliminary results. After discussion, the SAWPA Commission indicated that there appeared to be sufficient justification at this stage to continue the completion of the feasibility study.

Since the completion of Tasks 1 and 2, further work was conducted on following tasks:

Task 3 - Development of Program Design and Seeding Increase Estimates

Task 4 - Perform a Benefit/Cost Analysis

Task 5 – Draft and Final Report (completion pending feedback from Commission)

SAWPA staff has conducted extensive outreach to all potentially interested and impacted agencies from a future cloud seeding program to invite technical staff to participate in review and discussion meetings with the consultant. These meetings were held virtually by Zoom on the following dates: June 3<sup>rd</sup>, Sept. 3<sup>rd</sup>, and Nov. 2<sup>nd</sup>. Many questions and concerns were raised based on the review of Task 3 and 4 interim reports. Some of the concerns resulted in changes to the overall program and site locations to ensure no added risk would occur because of the cloud seeding program for areas with little to no stormwater management infrastructure. Additionally, at the request of some SAWPA Commissioners from the May 19, 2020 SAWPA Commission meeting and by various SAWPA member agency GMs, additional presentations were provided to governing boards of the SAWPA member agencies by SAWPA staff and by Tom Ryan, the MWDSC cloud seeding program representative.

Based on the technical review and results of the feasibility, SAWPA staff believes there is sufficient benefit to the watershed and SAWPA member agencies, to proceed with further analysis and CEQA for a future watershed wide cloud seeding program. SAWPA staff therefore recommends that the ground seeding site location analysis and CEQA development be included in the FY 21-22 Budget under Fund 370-01 Basin Planning for a potential three-year pilot watershed wide cloud seeding program

#### **CRITICAL SUCCESS FACTORS**


- Successful implementation of an integrated regional water resource plan that reflects the watershed management needs of the public and the environment.
- Data and information needed for decision-making is available to all.

#### **RESOURCE IMPACTS**

The ground seeding site location analysis is estimated to cost \$30,000 and the CEQA analysis is estimated to cost \$60,000. If included in the SAWPA FY 21-22 Budget, the \$90,000 cost would be shared equally among the five member agencies. Additional cost share partners who may benefit will be approached in the future which may decrease the member agency share.

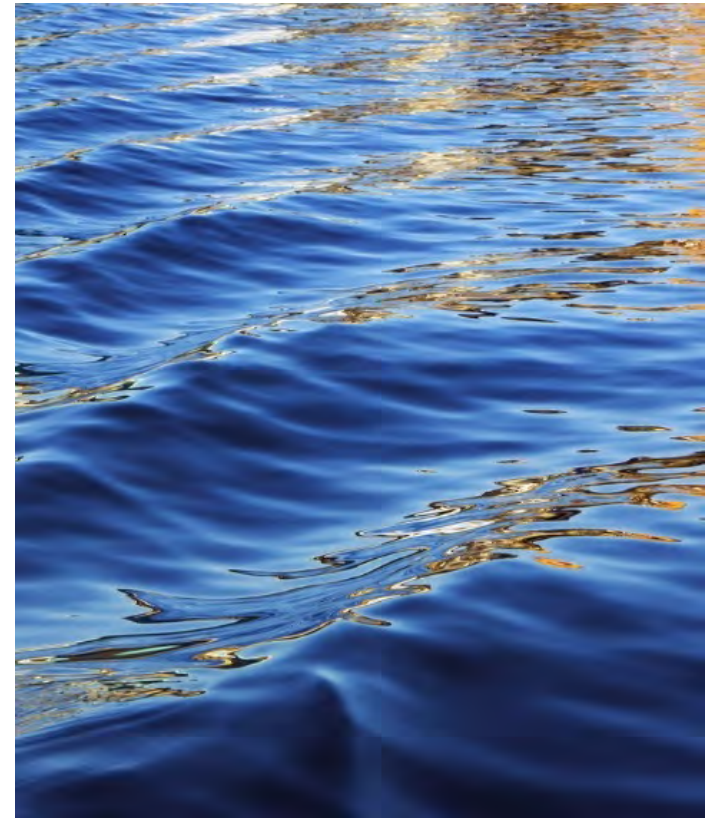
Attachments:

1. PowerPoint Presentation



# Santa Ana Watershed Weather Modification Feasibility Study

Garrett Cammans, President  
North American Weather Consultants  
Item No. 6.D.





# Quick Review & Background





# Cloud Seeding Mechanisms



# Ground Based Seeding Methods



## CNG's (Cloud Nuclei Generators)

- Ideal for orographic lift (movement of air over mountain barriers)
- Create a continuous plume
- Inexpensive to install and operate

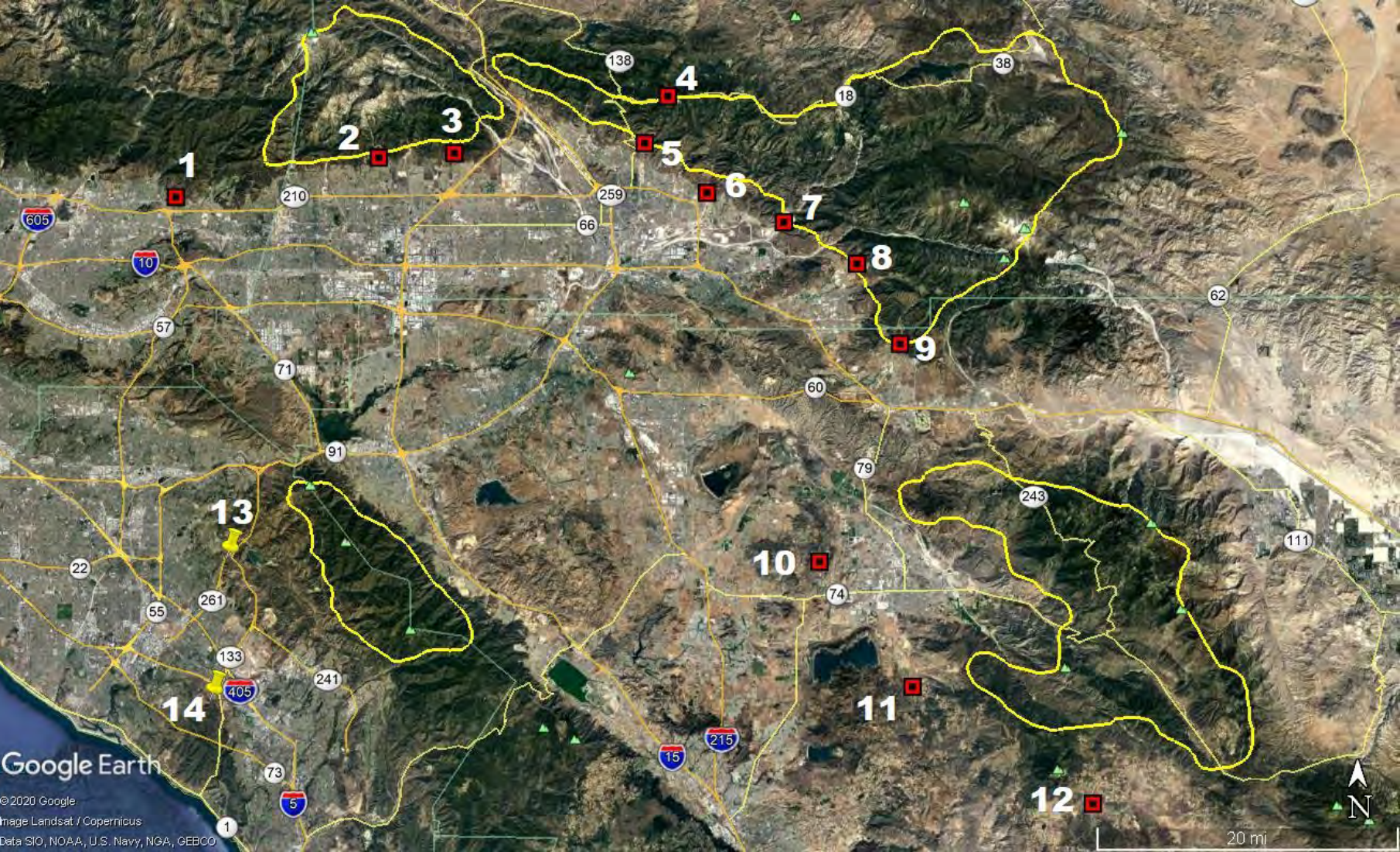
## AHOGS (Automated High Output Ground Seeding) Systems

- Deliver a higher concentration of Silver Iodide – rapid release
- Operated remotely
- Ideal for storms with convective attributes (turbulence)





# Refined – Ground Seeding Sites



**Yellow Pins = AHOGS**  
**Red Bullseyes = CNG's**

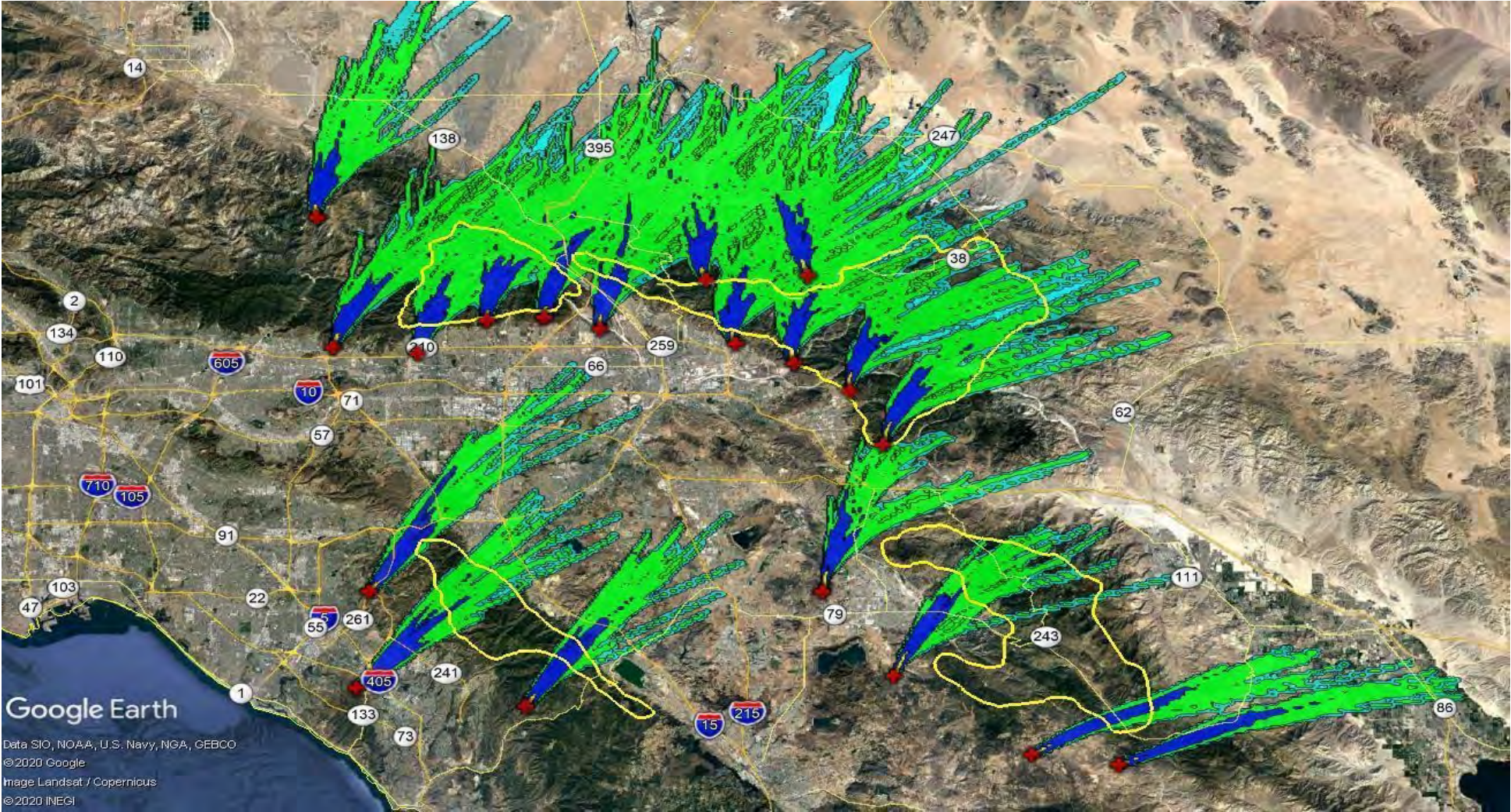


# Aerial Seeding





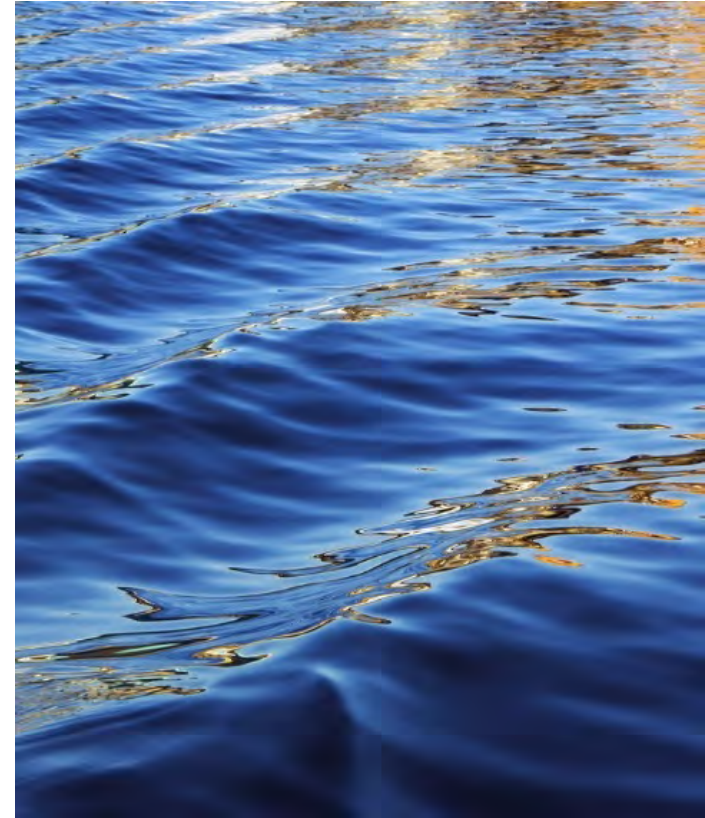
# Ground Based Seeding Dispersion Model







# Increase Estimates



# Total Projected Increases

## Ground Only Seeding

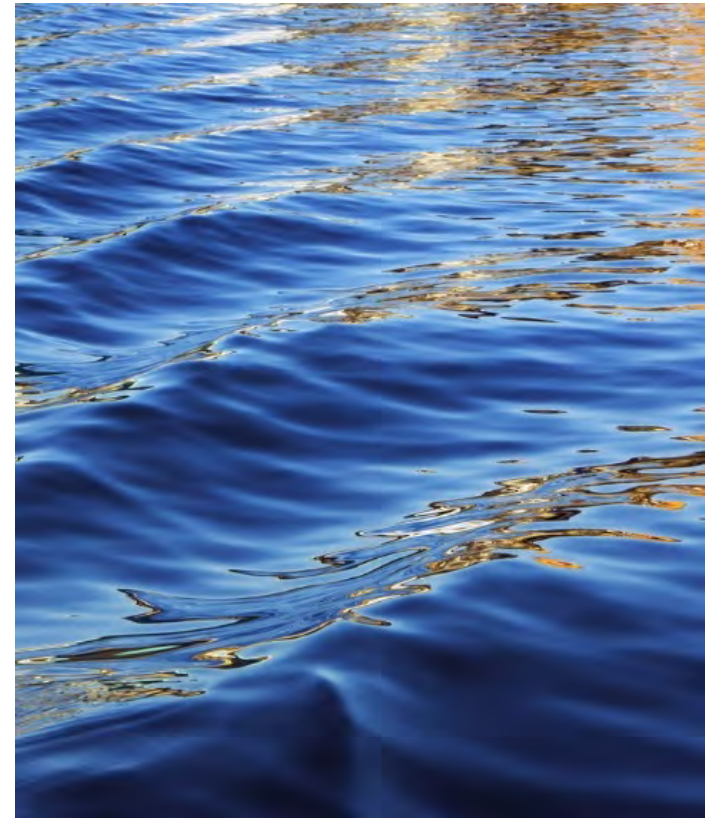
Target Area	Seasonal Precip. Increase (inches)	Percent Increase	Avg. Natural Streamflow (AF)	Streamflow Increase (AF)	Percent Increase
NW	0.41	3.5%	25,000	2,043	8.2%
NE	0.49	4.1%	65,000	4,330	6.7%
SW	0.59	3.7%	5,000	447	9.0%
SE	0.49	4.5%	10,000	1,373	13.7%
<b>TOTAL w/ Ground Only</b>			<b>105,000</b>	<b>8,193</b>	<b>7.8%</b>

## With Aerial Support in the NE Target

Target Area	Seasonal Precip. Increase (inches)	Percent Increase	Avg. Natural Streamflow (AF)	Streamflow Increase (AF)	Percent Increase
NW	0.41	3.5%	25,000	2,043	8.2%
NE	0.89	7.3%	65,000	7,772	12.0%
SW	0.59	3.7%	5,000	447	9.0%
SE	0.49	4.5%	10,000	1,373	13.7%
<b>TOTAL</b>			<b>105,000</b>	<b>11,635</b>	<b>11.1%</b>



# Suspension Criteria



# Cloud Seeding Suspension Criteria

## National Weather Services

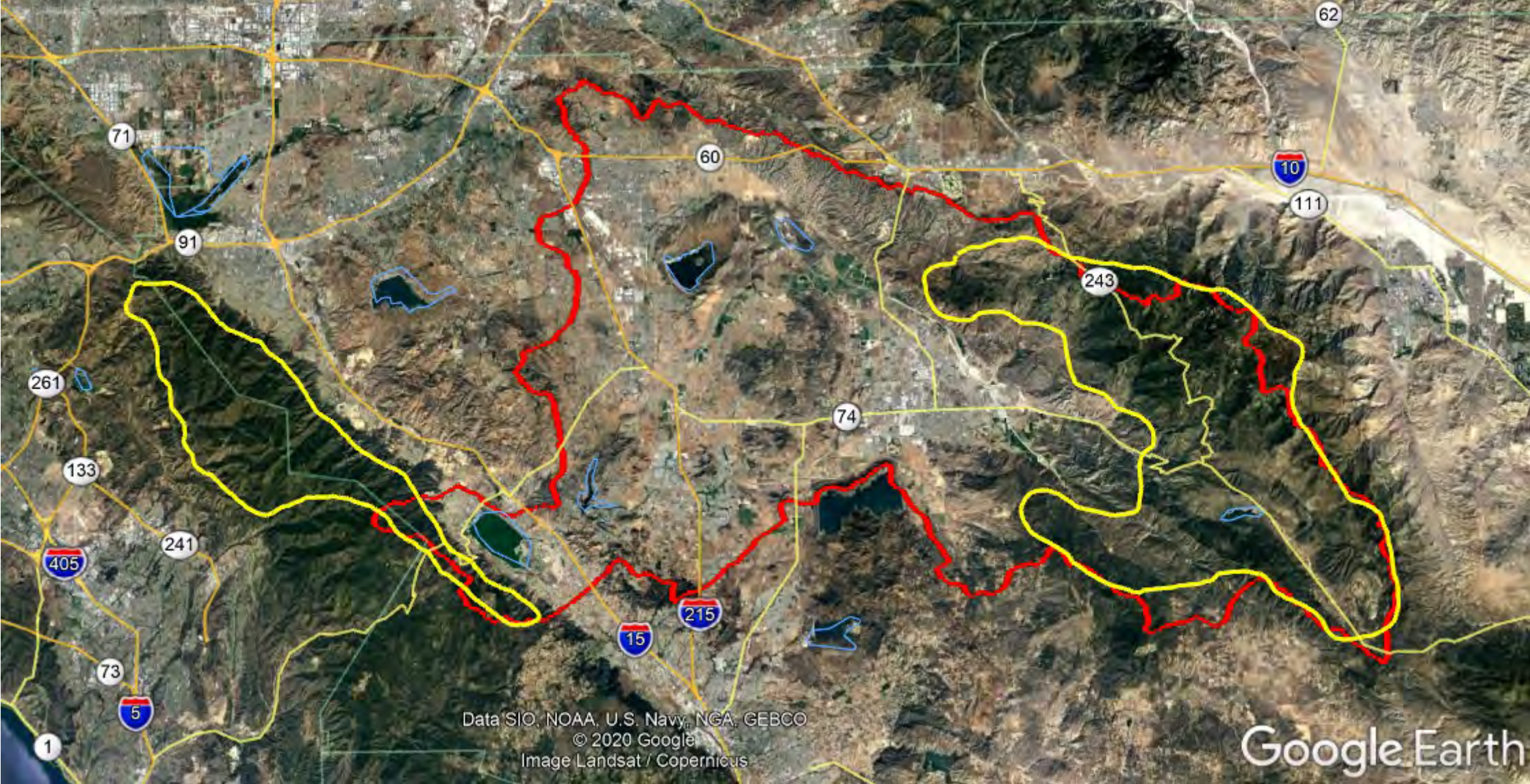
- Whenever the NWS issues a severe storm, precipitation, flood warning or flash flood warning that affects any of the target areas, the project meteorologist will suspend operations for parts or all of the program. Operations will be suspended for at least the period of time during which the warning is in effect.

## Southern Target Areas

- Due to concerns related to infrastructure, NAWC suggests suspending operations if:
  - Hourly precipitation is forecasted to exceed 0.5 or 0.7 inches
  - 24-hr precipitation totals are forecasted to exceed 2-3 inches.
  - These threshold correspond to events that occur on average once every 2-5years.



# Lake Elsinore and San Jacinto Watershed



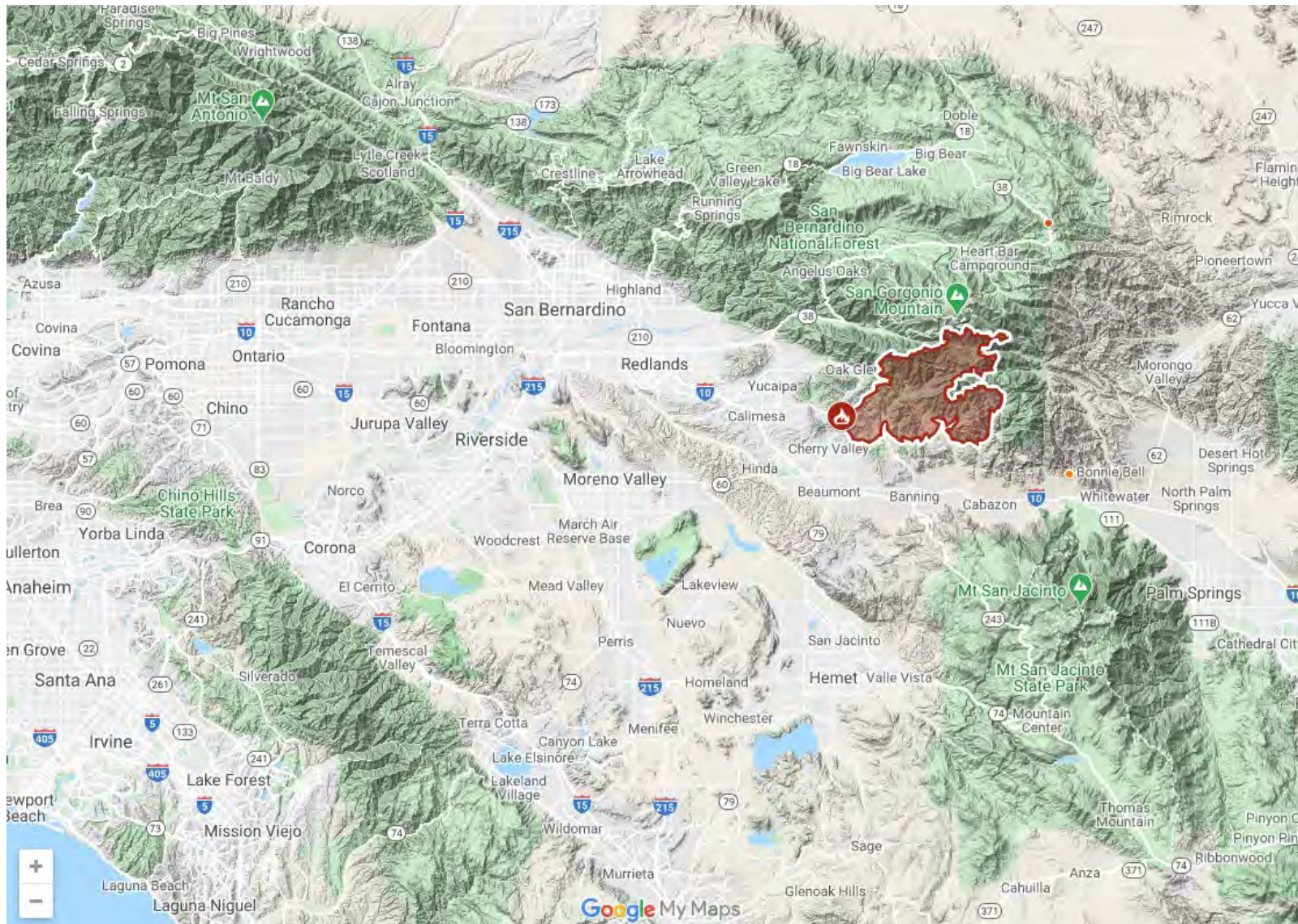
# Cloud Seeding Suspension Criteria

## Forest Fires

- Open Discussion
  - Size
  - Location
  - Vegetation
  - Soil Attributes (glassing)
  - Flood Risk
  - Debris Flow



# Apple Fire



# Contractor's Responsibilities

## Balance and Experience are Critical

- A contractor needs to be able to understand both the value of water, and the hazards of flooding, and operate accordingly
- The contractor needs to develop programs that are both effective and efficient

## Program Design

### Flexibility and Control

- The program should be designed in a fashion that mitigates risk
- Ideally the program should be adaptable as risks evolve.

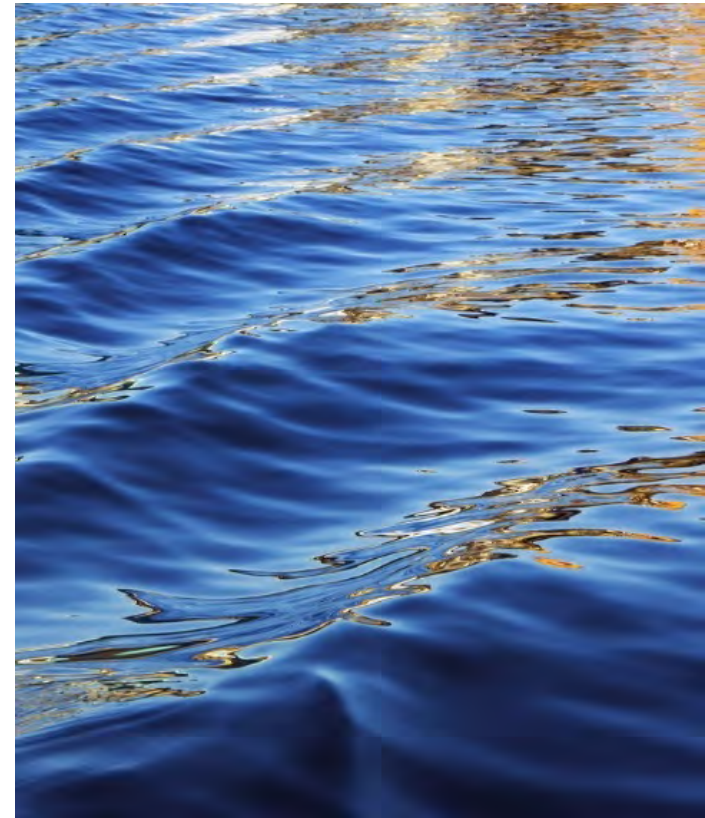
## Public Perception

- Continue conducting outreach briefings to interested governing boards and parties





# Feasibility



# Technical Feasibility

The technical feasibility of the proposed SAWPA program has been examined in great detail.

Considerations Included:

- Results obtained from previous relevant winter research and operational cloud seeding programs (i.e., scientific data).
- Detailed climatology review, including storm attributes and atmospheric behavior
- Watershed geographical and topographical attributes
- Equipment requirements and possible siting locations

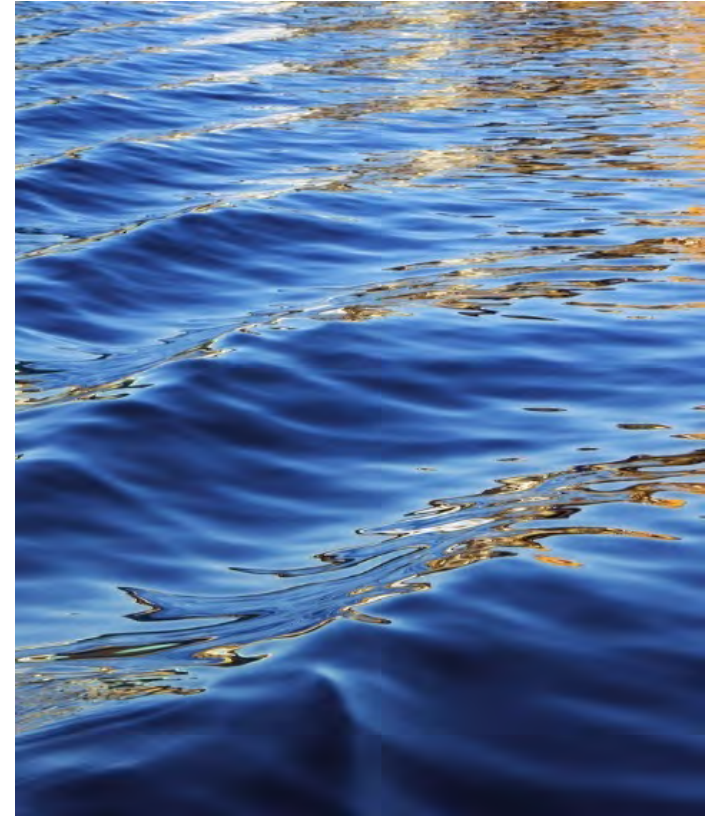
From the work performed for all three previous tasks, NAWC concludes that a program, following the proposed design specified in Task 3, is technically feasible.

# Economic Feasibility

- According to the ASCE 2016 publication, the best method for determining the economic feasibility of a proposed program is to perform a benefit/cost analysis.
- The ASCE 2016 publication “Guidelines for Cloud Seeding to Augment Precipitation” recommends a minimum benefit to cost ratio of 5:1 to justify economic feasibility
  - This spread ensures a positive return amidst natural seasonal variability.
  - For California clients, where seasonal variability is often more exaggerated than in other climates, NAWC’s goal is to establish a program with a near 10:1 benefit to cost ratio. This accommodates for drier seasons that present fewer seeding opportunities.
- In order to calculate the benefit to cost ratio for this proposed program, SAWPA provided NAWC several estimates for untreated and unpressurized imported water resulting in an average calculated watershed wide value of \$255 per acre-foot.
- In preparing the benefit to cost ratio for aerial seeding, NAWC applied a multiplier of 0.9 to the project yield of the aerial component, to account for the probability of missed flight opportunities



# Cost Effectiveness



# Considerations

- NAWC's cloud seeding program contracts consist of two forms of billings, fixed costs and variable costs.
  - Fixed costs include: equipment, personnel, standard travel, licensing and insurance
  - The variable costs are representative of the weather dependent materials, including ground-based generator (CNG) burn time, flight time and silver iodide flare consumption
- This design is preliminary, the actual program design will be determined will be defined by the scope of work of the Cloud Seeding Operator.

# Estimate – Ground and Aerial Seeding

	Rate	Frequency	
<b>Annual Operations</b>			
Set Up	\$ 40,000	1	\$ 40,000
Take Down	\$ 31,000	1	\$ 31,000
Reporting	\$ 10,000	1	\$ 10,000
<b>Monthly Operations</b>			
Fixed Services	\$ 55,000	5	\$ 275,000
<b>Variable Items (timed expenses are billed on a per hour basis)</b>			
Ground Flares	\$ 110	60	\$ 6,600
Generator Run Time	\$ 19.50	600	\$ 11,700
Flight Time	\$ 375	30	\$ 11,250
Aerial Flares	\$ 110	150	\$ 16,500
<b>TOTAL</b>			<b>\$ 402,050</b>
<b>COST PER ACRE-FOOT</b>			<b>\$ 35.61</b>
<b>Benefit to Cost</b>			<b>7.16</b>

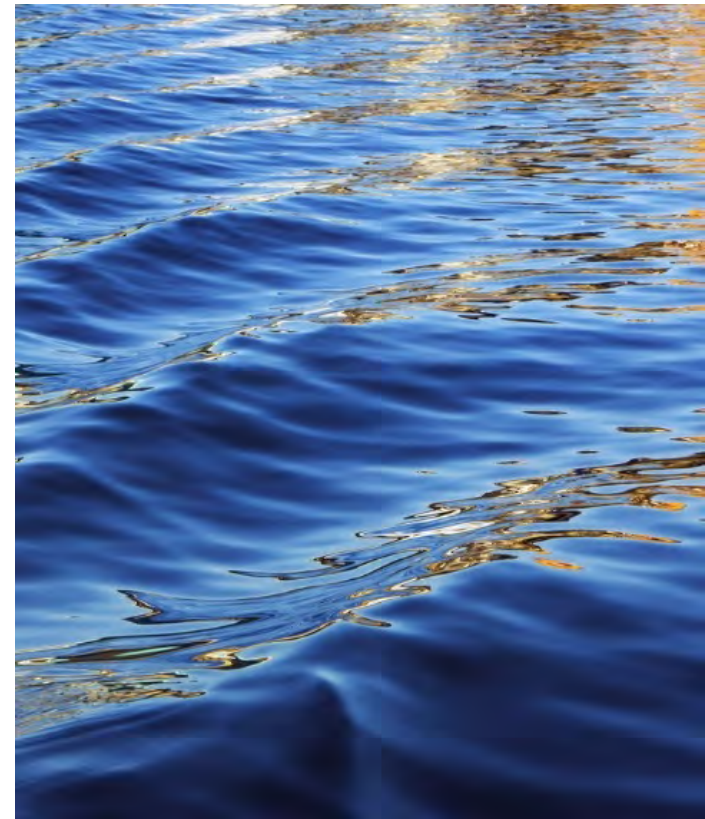
# Estimate – Ground Based Seeding Only

	Rate	Frequency	
<b>Annual Operations</b>			
Set Up	\$ 33,500	1	\$ 33,500
Take Down	\$ 24,000	1	\$ 24,000
Reporting	\$ 10,000	1	\$ 10,000
<b>Monthly Operations</b>			
Fixed Services	\$ 24,500	5	\$ 122,500
<b>Variable Items (timed expenses are billed on a per hour basis)</b>			
Ground Flares	\$ 110	60	\$ 6,600
Generator Run Time	\$ 19.50	600	\$ 11,700
Flight Time	\$ 375	N/A	-
Aerial Flares	\$ 110	N/A	-
<b>TOTAL</b>			<b>\$ 208,300</b>
<b>COST PER ACRE-FOOT</b>			<b>\$ 25.42</b>
<b>Benefit to Cost</b>			<b>10.03</b>





# Next Steps



# RFP Recommendations

## Program Caps

- With water valued at \$255/AF, NAWC recommends a total program cap of \$450,000.
- If a contractor presents a program proposal that does not encompass all 4 target areas, a reduction in the maximum program expense should be applied to accommodate for the reduction probable yield

## Qualifications

- Addressed in the Final Draft Report

## Support and Cooperation Amongst Program Participants

- Suspension
- Payments
- Supervision/Representation

# Next Steps

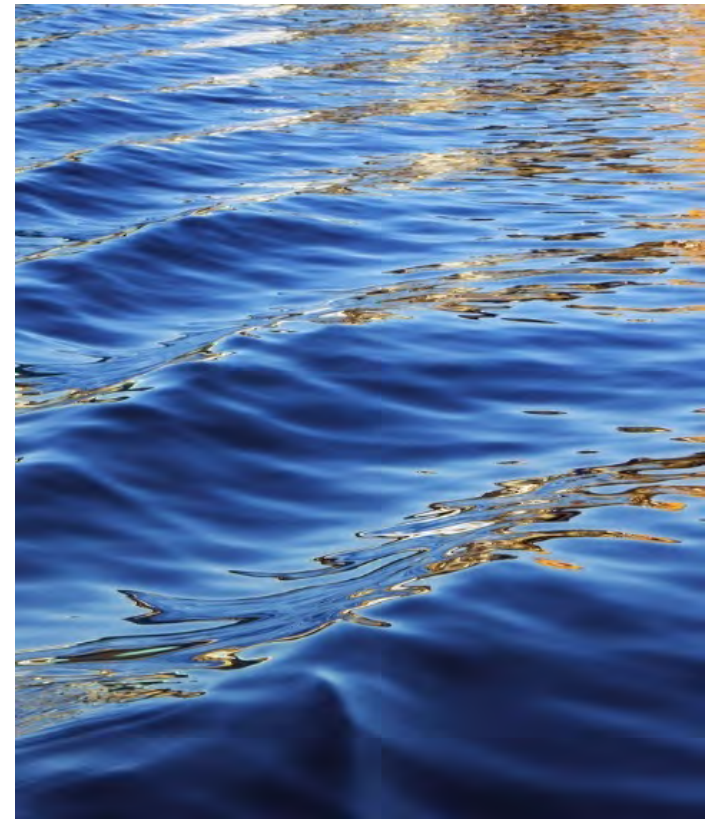
1. Selection of Specific Ground Seeding Locations
2. CEQA Compliance - Mitigated Negative Declaration
  - CEQA compliance work can be a lengthy and involved process. (6-12 months)
  - NAWC can be contracted to assist with or draft the entire MND.

## Cost Estimate

Service Rendered	Cost
Selecting Specific Site Locations	\$1,100 per site or \$15,400
<u>CEQA (Mitigated Negative Dec)</u>	<u>\$60,000</u>
CEQA combined with Site Selection	\$75,400

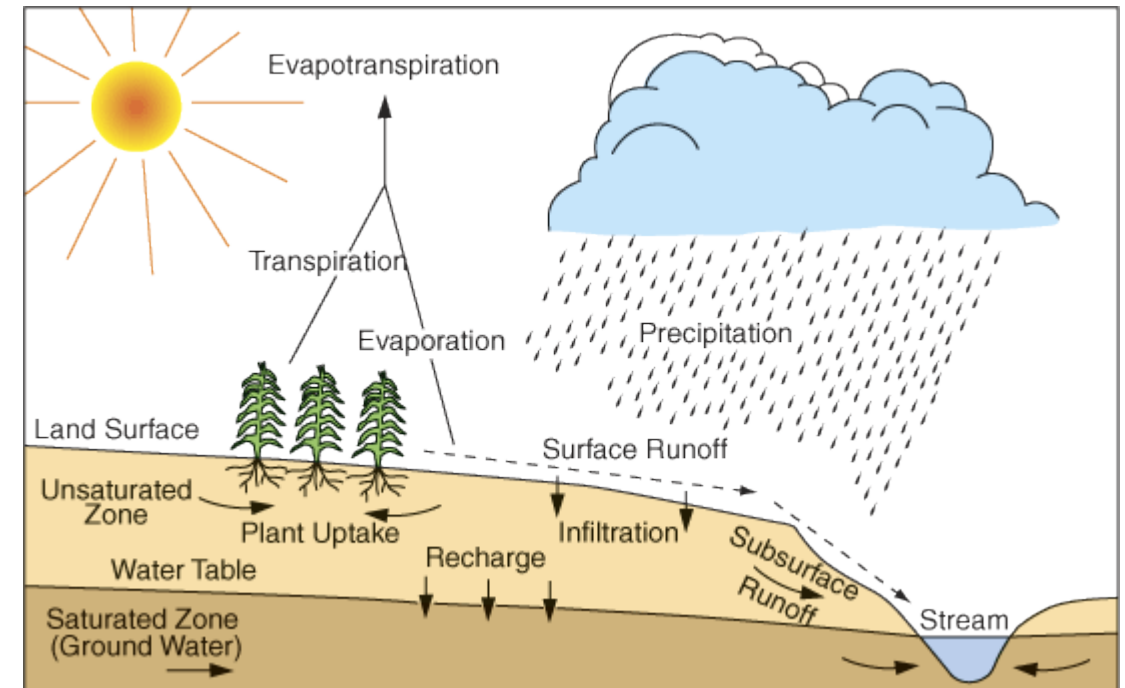


# SAWPA Staff Recommendations



# SAWPA Staff – Value to SAWPA Member Agencies

- Based on cost benefit ratio and a conservative estimate of water cost, the watershed could obtain 8200 – 11,600 AF/yr of additional recharge water supply at a cost of \$280K - \$475K/yr vs. \$2.1 million - \$3 million.
- This will have a direct impact on reducing costs to purchase recharge water by SAWPA member agencies.
- This cost could even be less if a SAWPA Prop 1 IRWM Round 2 grant application is successful for a three year pilot program (50% grant – 50% local share)



# Recommendation

- Staff recommends that the SAWPA Commission receive this final report presentation on the Santa Ana River Watershed Weather Modification for Water Supply Feasibility Study by North American Weather Consultants Inc. and support including a budget for the ground seeding site selection analysis and CEQA development in the FY 21-22 SAWPA Budget

## COMMISSION MEMORANDUM NO. 2020.75

**DATE:** December 1, 2020

**TO:** SAWPA Commission

**SUBJECT:** Disadvantaged Communities Involvement (DCI) Program Status

**PREPARED BY:** Rick Whetsel, Senior Watershed Manager  
**(This item is subject to the provisions of Project Agreement 25)**

### RECOMMENDATION

It is recommended that the SAWPA Commission receive and file this information report about the current status of the Disadvantaged Communities Involvement (DCI) Program.

### DISCUSSION

The Disadvantaged Communities Involvement Program (DCI Program) for the Santa Ana River Watershed has three main Program Elements, within which are twenty separate activities. Those three Program Elements consist of 1) Strengths and Needs Assessment, 2) Engagement and Education, 3) Project Development. A fourth element contains grant administration tasks assigned to SAWPA.

The attached presentation provides an update on the activities within each of these Project Elements.

### BACKGROUND

The Disadvantaged Communities Involvement Program is a Prop 1 funded effort within the Integrated Regional Water Management Program to ensure the involvement of disadvantaged communities, economically distressed areas, and underrepresented communities in integrated regional water management planning. As the Santa Ana River Watershed approved Regional Water Management Group, SAWPA was awarded a \$6.3 million grant in June 2017.

In January 2020, an amendment to this agreement was approved to modify the Work Plan and Schedule to reflect current project conditions, as well as, to extend the term of the agreement from April 30, 2020 to July 31, 2021.

SAWPA manages the program with five program partners: California State University, Local Government Commission (a 501c3 nonprofit), the California Rural Water Association (a 501c3 nonprofit), the Water Education Foundation (a 501c3 nonprofit), and the University of California Irvine. Each partner organization has a defined scope of work, and together is responsible for project management and reporting.

The California State University is a project partner within the DCI Program. In accordance with their mission to help achieve a long-term, sustainable water supply for California through education, research and policy development while balancing the needs of urban, agricultural and environmental concerns, is currently supporting SAWPA on DCI Program Activity 18: Technical Assistance for Community Needs.



The Local Government Commission is a project partner within the DCI Program. In accordance with their mission to work to build thriving communities that integrate civic engagement with environmental, social, and economic priorities is currently supporting SAWPA on the following DCI Program Activities:

- Activity 15: Water Agency Community Engagement Training
- Activity 16: Local Elected Leader Training

The California Rural Water Association is a project partner within the DCI Program. In accordance with their mission to provide training, technical assistance, resources and information to assist water and wastewater utilities in achieving high standards of service is currently supporting SAWPA on the following DCI Program Activities:

- Activity 14: Community Water Education
- Activity 15: Water Agency Community Engagement Training
- Activity 18: Technical Assistance for Community Needs

The Water Education Foundation is a project partner within the DCI Program. In accordance with their mission to inspire understanding of water and catalyze critical conversations to build bridges and inform collaborative decision-making have completed their efforts to support the SAWPA DCI Program.

The University of California Irvine is a project partner within the DCI Program. In accordance with their mission to discover and disseminate knowledge through research, teaching and creative expression in acclaimed academic programs have completed their efforts to support the SAWPA DCI Program.

The Newkirk Center for Science and Society is a project partner within the DCI Program. In accordance with their mission to focus on the interaction between science and society, including the role of society in the production of scientific knowledge and technological systems and artifacts and the effects of scientific knowledge on society have completed their efforts to support the SAWPA DCI Program.

## **CRITICAL SUCCESS FACTORS**

OWOW Goal 2. Active participation of a diverse group of stakeholders representing counties, cities, and water districts, as well as the private sector and the regulatory, environmental, and environmental justice communities who integrate the different interests in the watershed beyond political boundaries. Ensuring all perspectives are heard and valued.

OWOW CSF 4. OWOW criteria and values are transparent to watershed-wide stakeholders.

OWOW CSF 5. A strong reputation and sufficient capacity within SAWPA staff for strategic facilitation, planning, communication, leadership and community engagement.

## **RESOURCE IMPACTS**

Work described in this informational report will be funded entirely by SAWPA's Disadvantaged Community Involvement Grant (398 account) from DWR

Attachments:

1. PowerPoint presentation

# Disadvantaged Communities Involvement Program

## Status Report

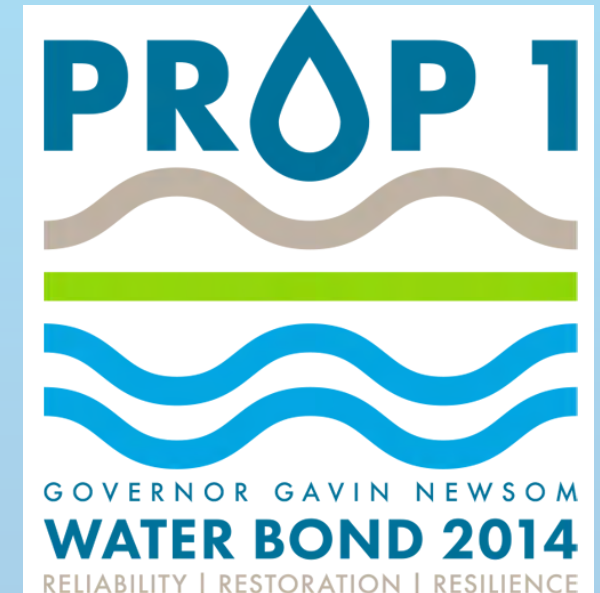
**Rick Whetsel, Senior Watershed Manager  
SAWPA Commission | December 1, 2020  
Item No. 6.E.**













# Disadvantaged Communities Involvement Program (DCI) Program

DWR established the Disadvantaged Community Involvement Grant Program to support the following objectives:

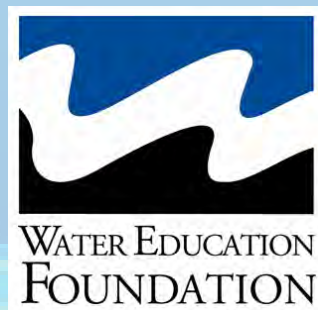
- 1) Work collaboratively to **involve DACs**, community-based organizations, and stakeholders in IRWM Planning efforts
- 2) Increase the understanding, and identify the **water management needs** of disadvantaged communities
- 3) Develop strategies and long-term solutions that appropriately address the identified DAC water management needs
- 4) **Support technical assistance** for planning of future construction projects including feasibility, design, CEQA, etc. - Not construction at this stage.



<b>Disadvantaged Communities Involvement (DCI) Grant Program Eligible Grant Activities</b>		<b>In SAWPA Scope</b>
<b>General Activity</b>	<b>Examples of Activity</b>	
<b>Technical assistance</b>	<b>Service provider trainings, local circuit rider programs to train water and wastewater staff</b>	
<b>Needs assessments</b>	<b>Surveys or meetings with community members to identify water management needs</b>	
<b>Project development activities</b>	<b>Planning activities, environmental compliance, or pre-construction engineering/design activities</b>	
<b>Site assessment</b>	<b>Water quality assessments, median household income surveys, data and mapping activities</b>	
<b>Engagement in IRWM efforts</b>	<b>DAC regional engagement coordinator role, DAC Advisory Committee to RWMG, DAC representatives in governance</b>	
<b>Governance Structure</b>	<b>Evaluation of governance structures and plan financing efforts, assessments of the level of DAC involvement in decision making processes</b>	
<b>Community outreach</b>	<b>Public project meetings open to community members, door-to-door outreach</b>	
<b>Education</b>	<b>Translation or interpretive services for information sharing, water education campaigns for community members, education for RWMGs on DAC needs</b>	
<b>Facilitation</b>	<b>Facilitated RWMG meetings, facilitated project development meetings</b>	
<b>Enhancement of DAC in IRWM Plans</b>	<b>Development of Funding Area-wide DAC plan to be utilized as a unified approach for all IRWM plans</b>	 254

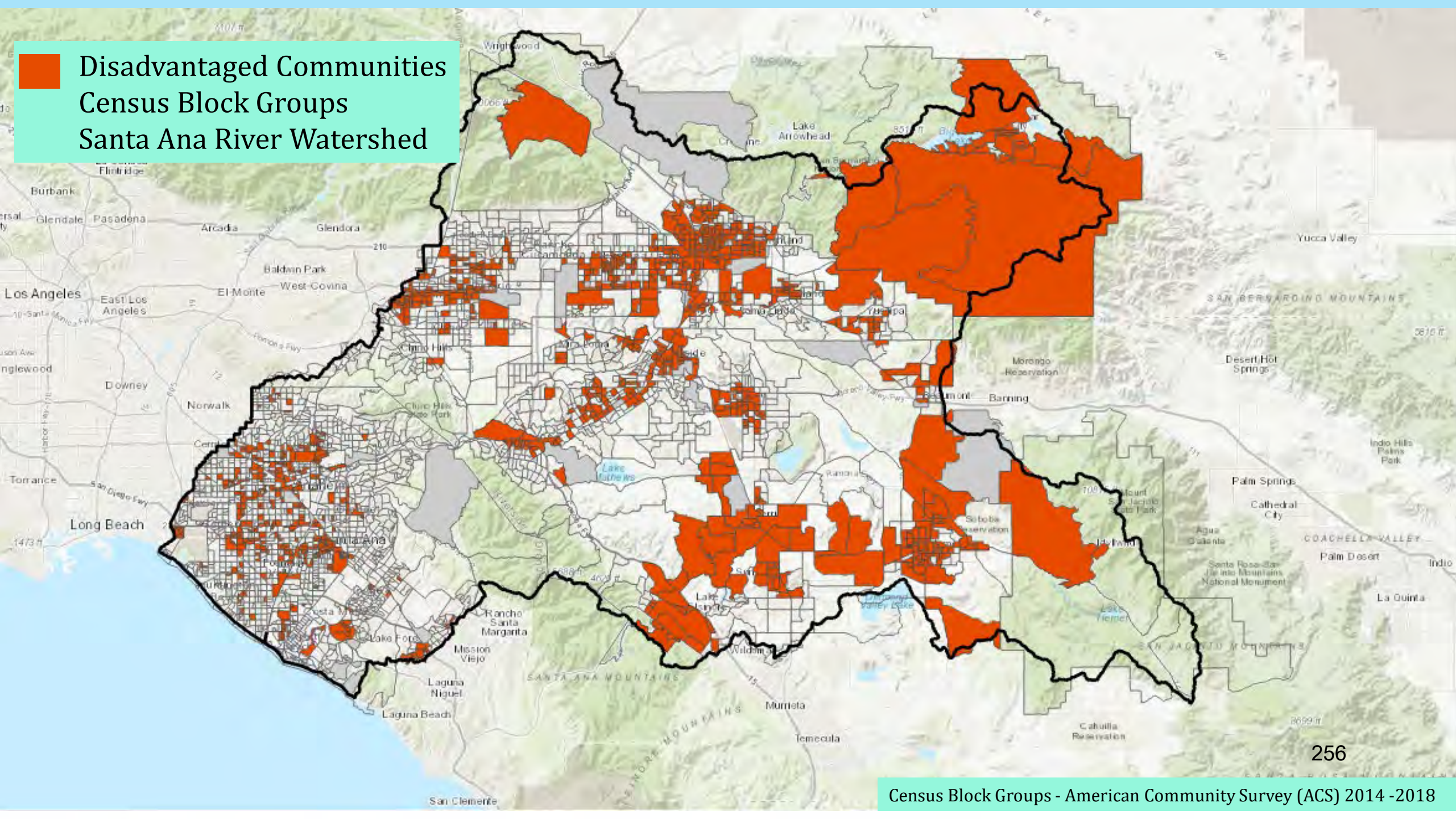
# Program Partners

Leveraging Resources for Biggest Impact





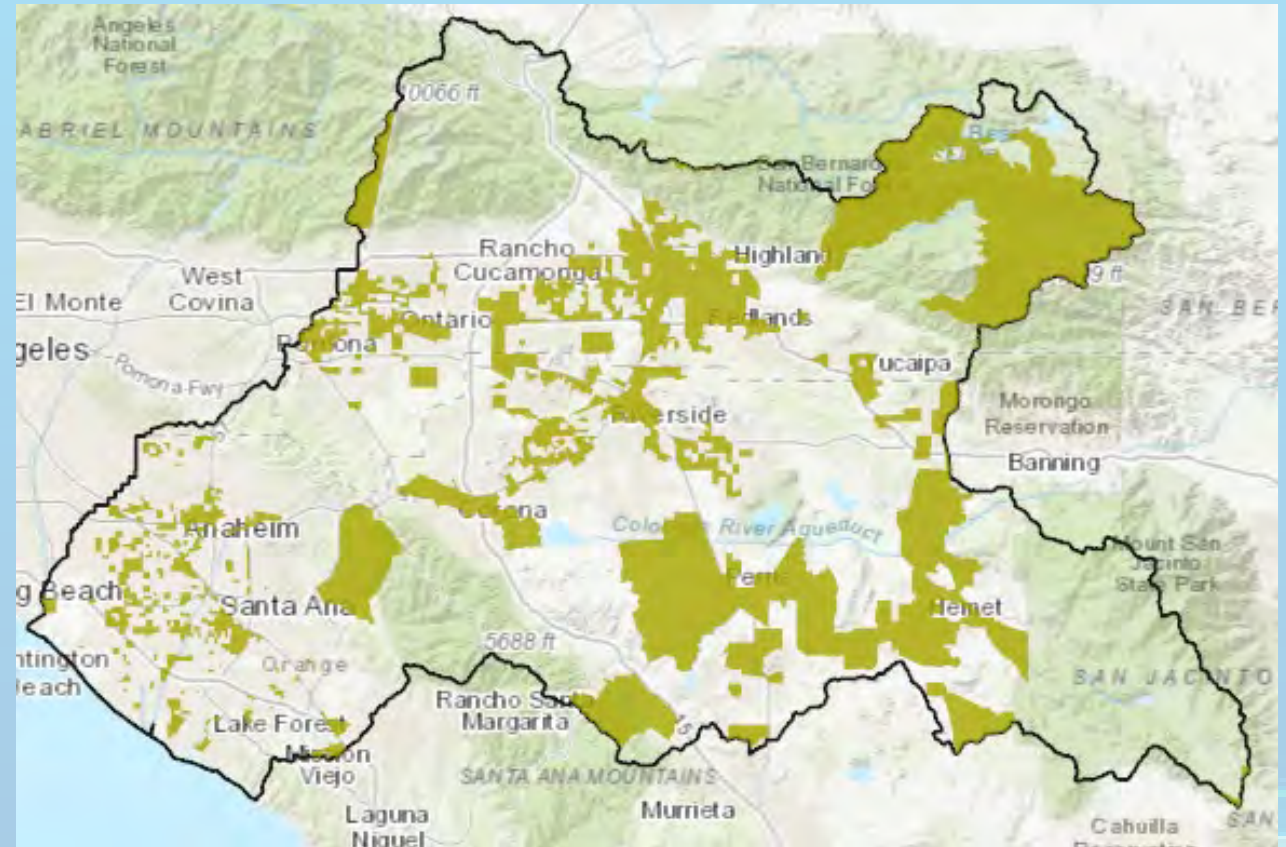
Disadvantaged Communities  
Census Block Groups  
Santa Ana River Watershed





# DCI Program Elements

1. Strengths and Needs Assessment
2. Education and Engagement
3. Project Development
4. Administration



# Disadvantaged Communities and Tribal Involvement Lessons Learned Summit

- Focus: Disadvantaged Communities and Tribes Lessons Learned through Prop 1 IRWM Program
- Highlighted SAWPA's DACI Program
- Findings from IRWM regions around the State
- Key Speakers:
  - Wade Crowfoot, California Natural Resources Agency
  - Laurel Firestone, State Water Board
  - Yana Garcia, California Environmental Protection Agency
  - Carmel Brown and Anecita Aguustinez, Department of Water Resources
- Over 450 Attendees
- Next Key Deliverable: Summary Findings Report



**Wade Crowfoot**

Secretary  
California Natural Resources Agency



**Laurel Firestone**

Board Member  
State Water Resources Control Board



**Yana Garcia**

Deputy Secretary for Environmental Justice,  
Tribal Affairs and Border Relations  
California Environmental Protection Agency



# Links to Summit Resources

Direct links to the summit materials  
can be found at:

<https://www.lgc.org/summit/>

Recordings

<https://www.lgc.org/summit-recorded-sessions/>

Slides

<https://www.lgc.org/summit-presentations/>



# Technical Assistance for Community Need

- Objective: Technical Assistance (TA) funding to support the development of projects and programs that address the water needs of disadvantaged and underrepresented communities.
- Requires evaluation of projects, plans, and programs following set of evaluation criteria developed by DCI Technical Advisory Committee (TAC)
- Allocated Funding \$2.9 M
- Work is ongoing





<b>DCI Program Technical Assistance Funding</b>		
<b>TA Award</b>	<b>Project Sponsor:</b>	<b>Project Title:</b>
\$25,630	CRWA / CSU WRPI	Median Household Income Surveys
COMPLETE	SAWPA	Assessing the Water Quality, Riparian, and Aquatic Habitat Impacts of Homelessness in the Upper Santa Ana River Watershed
\$350,000	Soboba Band of Luiseno Indians	Residential Asbestos Cement Pipe Abandonment and Replacement Project
\$500,000	Big Bear Area Regional Wastewater Agency	Replenish Big Bear
COMPLETE	California Rural Water Association	Tribal Advisory Committee (Tribal AC)
\$175,000	Box Springs MWC	Rehabilitation, Removal or Replacement of Water Storage Reservoirs with SCADA
\$200,000	City of Colton	Two New Potable Wells with Generators
\$100,000	Devore WC	New Reservoir, Distribution System Upgrades and New Well
\$150,000	Idyllwild WD	Water Treatment Plant Upgrade with SCADA
\$100,000	Marygold MWC	New Well and Generator Project
\$25,000	Riverside Highland WC	Ion Exchange System
\$250,000	Terrace MWC	New Potable Well
\$200,000	Eastern Municipal WD	Quail Valley Sub-Area 4 Septic to Sewer, Phase 1 Planning Analysis
\$277,990	City of Rialto	Bohnert/Banyon Septic to Sewer Project
\$100,000	Orange County WD	Watershed Education and Field Trip Program for Disadvantaged Community Elementary School Students
\$100,000	City of Fullerton	Fullerton's Water Future - Ensuring Delivery of Clean, Safe Drinking Water
\$50,000	Huerta del Valle	Reconnecting and Enhancing Water Resources for greater community and environmental benefit.
\$100,000	City of Santa Ana	Washington Avenue Well Project
\$2,900,000	Total Technical Assistance funding Awarded	

# DCI Program Budget (through Q3 2020)

Program Element		Budget	Expenses	Balance	% Spent
<b>1</b>	<b>Strengths &amp; Needs</b>	\$ 898,644	\$ 898,644	\$ -	100%
<b>2</b>	<b>Engagement / Education</b>	\$ 1,853,068	\$ 1,634,486	\$ 218,582	88%
<b>3</b>	<b>Project Development</b>	\$ 3,233,288	\$ 1,888,540	\$ 1,344,748	58%
<b>4</b>	<b>Administration</b>	\$ 315,000	\$ 246,154	\$ 68,846	78%
	<b>Total</b>	<b>\$ 6,300,000</b>	<b>\$ 4,667,825</b>	<b>\$ 1,632,175</b>	<b>74%</b>



# Program Schedule

Element / Activity		2020 Q4	2021 Q1	2021 Q2	2021 Q3
<b>PE 1</b>	<b>Strengths &amp; Needs Assessment</b>				
<b>PE 2</b>	<b>Engagement / Education</b>				
14	<b>Community Water Education</b>				
15	<b>Water Agency Engagement Training</b>				
16	<b>Local Elected Leader Training</b>				
<b>PE 3</b>	<b>Project Development</b>				
18	<b>Technical Assistance / Project Implementation</b>				
<b>PE 4</b>	<b>Grant Administration</b>				





# Questions



Santa Ana Watershed Project Authority  
Cash Transaction Report  
Month of September 2020

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

Cash Receipts and Deposits to Account	\$ 1,893,102.18
Net Investment Transfers	512,062.50
Cash Disbursements	<u>(2,283,059.37)</u>
Net Change for Month	\$ 122,105.31
Balance at Beginning of Month	<u>3,210,538.15</u>
Balance at End of Month per General Ledger	<u><u>\$ 3,332,643.46</u></u>
Collected Balance per Bank Statement	\$ 3,333,589.08

**ACCOUNTS PAYABLE RECONCILIATION**

Accounts Payable Balance @ 08/31/2020	\$ 5,538,676.60
Invoices Received for September 2020	1,555,981.50
Invoices Paid by check/wire during September 2020 (see attached register)	<u>(2,042,516.13)</u>
Accounts Payable Balance @ 09/30/2020	<u><u>\$ 5,052,141.97</u></u>

**CASH RECEIPTS**

Brine Line Operating Revenues	\$ 922,742.07
Member Agency Contributions	306,068.00
Participant Fees	592,816.78
LESJWA Admin Reimbursement	17,484.33
Grant Proceeds - Prop 84 Pass-throughs	50,000.00
Other	<u>3,991.00</u>
Total Receipts and Deposits	\$ 1,893,102.18

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**INVESTMENT TRANSFERS**

Transfer of Funds:	
From (to) US Bank (Bank fees)	\$ -
From (to) LAIF	-
From (to) Legal Defense Fund	-
From (to) LESJWA	-
From (to) Investments	<u>512,062.50</u>
Total Investment Transfers	\$ 512,062.50

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**CASH DISBURSEMENTS**

By Check:	
Payroll	\$ -
Operations	<u>2,042,516.13</u>
Total Checks Drawn	\$ 2,042,516.13
By Cash Transfer:	
Payroll	\$ 162,724.90
Payroll Taxes	74,418.23
Take Care (AFLAC)	<u>3,400.11</u>
Total Cash Transfers	\$ 240,543.24
Total Cash Disbursements	<u><u>\$ 2,283,059.37</u></u>

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Sep-20**

Category	Check #	Check Date	Type	Vendor	Check Amount
Auto Expense	4476	9/24/2020	CHK	County of Riverside	\$ 791.16
Auto Expense	EFT03562	9/10/2020	CHK	County of Riverside/Transportation	\$ 358.77
Auto Expense	EFT03586	9/24/2020	CHK	County of Riverside/Transportation	\$ 388.16
<b>Auto Expense Total</b>					<b>\$ 1,538.09</b>
Benefits	4467	9/17/2020	CHK	AFLAC	\$ 336.01
Benefits	4468	9/17/2020	CHK	Cal PERS Long Term Care Program	\$ 152.04
Benefits	4470	9/17/2020	CHK	WageWorks	\$ 140.00
Benefits	4475	9/24/2020	CHK	Cal PERS Long Term Care Program	\$ 152.04
Benefits	4479	9/24/2020	CHK	Mutual Of Omaha	\$ 2,977.57
Benefits	EFT03554	9/10/2020	CHK	Vantagepoint Transfer Agents	\$ 3,901.91
Benefits	EFT03559	9/10/2020	CHK	Vantagepoint Transfer Agents	\$ 411.71
Benefits	EFT03566	9/17/2020	CHK	ACWA/JPIA	\$ 48,722.14
Benefits	EFT03579	9/24/2020	CHK	Vantagepoint Transfer Agents	\$ 3,901.91
Benefits	EFT03584	9/24/2020	CHK	Vantagepoint Transfer Agents	\$ 411.71
Benefits	P039631	9/10/2020	WDL	CalPERS Supplemental Income	\$ 5,320.81
Benefits	P039632	9/10/2020	WDL	Public Employees' Retirement	\$ 22,637.75
Benefits	P039746	9/24/2020	WDL	CalPERS Supplemental Income	\$ 5,320.81
Benefits	P039747	9/24/2020	WDL	Public Employees' Retirement	\$ 22,637.75
Benefits	WDL000005210	9/1/2020	WDL	Takecare	\$ 192.30
Benefits	WDL000005213	9/4/2020	WDL	Takecare	\$ 1,259.43
Benefits	WDL000005217	9/8/2020	WDL	Takecare	\$ 59.39
Benefits	WDL000005219	9/18/2020	WDL	Takecare	\$ 130.00
Benefits	WDL000005223	9/22/2020	WDL	Takecare	\$ 1,628.99
Benefits	WDL000005226	9/28/2020	WDL	Takecare	\$ 130.00
<b>Benefits Total</b>					<b>\$ 120,424.27</b>
Building Lease	4480	9/24/2020	CHK	Wilson Property Services, Inc	\$ 1,782.00
Building Lease	4481	9/24/2020	CHK	Wilson Property Services, Inc	\$ 1,745.92
<b>Building Lease Total</b>					<b>\$ 3,527.92</b>
Consulting	4458	9/3/2020	CHK	J. Richard Eichman, CPA	\$ 255.80
Consulting	4471	9/17/2020	CHK	Blais & Associates	\$ 527.47
Consulting	EFT03551	9/3/2020	CHK	Accent Computer Solutions Inc	\$ 900.00
Consulting	EFT03560	9/10/2020	CHK	Integrated Systems Solutions	\$ 52.50
Consulting	EFT03561	9/10/2020	CHK	Trussell Technologies, Inc.	\$ 1,379.30
Consulting	EFT03564	9/10/2020	CHK	North American Weather Consultants	\$ 35,000.00
Consulting	EFT03565	9/10/2020	CHK	Kahn Soares & Conway	\$ 6,279.00
Consulting	EFT03569	9/17/2020	CHK	CDM Smith, Inc.	\$ 44,295.70
Consulting	EFT03571	9/17/2020	CHK	Alexander Pacific Electrical	\$ 500.00
Consulting	EFT03574	9/17/2020	CHK	GEI Consultants	\$ 24,748.55
Consulting	EFT03582	9/24/2020	CHK	West Coast Advisors	\$ 9,750.00
Consulting	EFT03585	9/24/2020	CHK	Accent Computer Solutions Inc	\$ 2,948.00
<b>Consulting Total</b>					<b>\$ 126,636.32</b>
Credit Cards	P039748	9/30/2020	WDL	US Bank	\$ 5,895.73
<b>Credit Cards Total</b>					<b>\$ 5,895.73</b>
Debt Service	4455	9/3/2020	CHK	State Water Resources Control Board	\$ 227,182.05
Debt Service	4469	9/17/2020	CHK	State Water Resources Control Board	\$ 899,095.55
<b>Debt Service Total</b>					<b>\$ 1,126,277.60</b>
Director Costs	EFT03577	9/24/2020	CHK	Inland Empire Utilities Agency	\$ 220.00
Director Costs	EFT03578	9/24/2020	CHK	Eastern Municipal Water District	\$ 220.00
Director Costs	EFT03581	9/24/2020	CHK	Western Municipal Water District	\$ 220.00
<b>Director Costs Total</b>					<b>\$ 660.00</b>
Employee Reimbursement	EFT03576	9/24/2020	CHK	Richard Whetsel	\$ 129.30
Employee Reimbursement	EFT03580	9/24/2020	CHK	Mark Norton	\$ 300.00
<b>Employee Reimbursement Total</b>					<b>\$ 429.30</b>
Engineering Costs	4465	9/10/2020	CHK	Stantec	\$ 3,149.99
Engineering Costs	EFT03570	9/17/2020	CHK	Dudek	\$ 2,310.00
<b>Engineering Costs Total</b>					<b>\$ 5,459.99</b>

Santa Ana Watershed Project Authority  
Check Detail  
Sep-20

Category	Check #	Check Date	Type	Vendor	Check Amount
Equipment Rented	4449	9/3/2020	CHK	Konica Minolta Business Solutions	\$ 764.77
Equipment Rented	4474	9/24/2020	CHK	Pitney Bowes Global Financial Services	\$ 351.63
<b>Equipment Rented Total</b>					<b>\$ 1,116.40</b>
Facility Repair & Maintenance	4477	9/24/2020	CHK	TNT Elevator Inc	\$ 524.00
Facility Repair & Maintenance	EFT03555	9/10/2020	CHK	Western Exterminator Co.	\$ 123.00
Facility Repair & Maintenance	EFT03557	9/10/2020	CHK	Green Meadows Landscape	\$ 690.00
Facility Repair & Maintenance	EFT03573	9/17/2020	CHK	Riverside Cleaning	\$ 1,600.00
<b>Facility Repair &amp; Maintenance Total</b>					<b>\$ 2,937.00</b>
Insurance Expense	4461	9/3/2020	CHK	Zenith Insurance Company	\$ 331.00
Insurance Expense	4466	9/10/2020	CHK	Zenith Insurance Company	\$ 8,366.00
<b>Insurance Expense Total</b>					<b>\$ 8,697.00</b>
Lab Costs	EFT03556	9/10/2020	CHK	E. S. Babcock & Sons, Inc.	\$ 480.00
Lab Costs	EFT03558	9/10/2020	CHK	Camet Research	\$ 1,357.50
Lab Costs	EFT03567	9/17/2020	CHK	E. S. Babcock & Sons, Inc.	\$ 2,441.00
Lab Costs	EFT03583	9/24/2020	CHK	E. S. Babcock & Sons, Inc.	\$ 184.00
<b>Lab Costs Total</b>					<b>\$ 4,462.50</b>
Legal	EFT03575	9/17/2020	CHK	Lagerlof, LLP	\$ 3,696.00
Legal	EFT03587	9/24/2020	CHK	Lagerlof, LLP	\$ 8,459.00
<b>Legal Total</b>					<b>\$ 12,155.00</b>
Office Expense	4447	9/3/2020	CHK	Aramark Corporation Refreshments	\$ 210.71
Office Expense	4456	9/3/2020	CHK	Staples Business Advantage	\$ 169.21
Office Expense	4464	9/10/2020	CHK	Konica Minolta Business Solutions	\$ 661.77
Office Expense	EFT03568	9/17/2020	CHK	Iron Mountain	\$ 216.25
Office Expense	EFT03585	9/24/2020	CHK	Accent Computer Solutions Inc	\$ 1,283.96
<b>Office Expense Total</b>					<b>\$ 2,541.90</b>
Other Contract Services	EFT03549	9/3/2020	CHK	Orange County Sanitation District	\$ 598,944.54
Other Contract Services	EFT03552	9/3/2020	CHK	World Language Communication	\$ 232.20
Other Contract Services	EFT03563	9/10/2020	CHK	Local Government Commission	\$ 2,318.18
<b>Other Contract Services Total</b>					<b>\$ 601,494.92</b>
Payroll	WDL000005214	9/11/2020	WDL	Direct Deposit 9/11/2020	\$ 79,148.14
Payroll	WDL000005215	9/11/2020	WDL	PR Tax - Federal	\$ 30,511.13
Payroll	WDL000005216	9/11/2020	WDL	PR Tax - State	\$ 6,875.69
Payroll	WDL000005218	9/25/2020	WDL	Direct Deposit 9/25/2020	\$ 83,576.76
Payroll	WDL000005221	9/25/2020	WDL	PR Tax - Federal	\$ 30,115.76
Payroll	WDL000005222	9/25/2020	WDL	PR Tax - State	\$ 6,915.65
<b>Payroll Total</b>					<b>\$ 237,143.13</b>
Prop 84	EFT03572	9/17/2020	CHK	UC Irvine	\$ 125.00
<b>Prop 84 Total</b>					<b>\$ 125.00</b>
Safety	EFT03550	9/3/2020	CHK	Underground Service Alert	\$ 305.58
<b>Safety Total</b>					<b>\$ 305.58</b>
Security	4478	9/24/2020	CHK	SafeT	\$ 113.85
<b>Security Total</b>					<b>\$ 113.85</b>
Shipping/Postage	4463	9/10/2020	CHK	General Logistics Systems US	\$ 7.40
Shipping/Postage	4472	9/24/2020	CHK	General Logistics Systems US	\$ 27.08
<b>Shipping/Postage Total</b>					<b>\$ 34.48</b>
Software	EFT03553	9/10/2020	CHK	ESRI Inc.	\$ 13,000.00
Software	EFT03585	9/24/2020	CHK	Accent Computer Solutions Inc	\$ 1,462.84
<b>Software Total</b>					<b>\$ 14,462.84</b>

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Sep-20**

Category	Check #	Check Date	Type	Vendor	Check Amount
Utilities	4448	9/3/2020	CHK	Riverside, City of	\$ 250.32
Utilities	4450	9/3/2020	CHK	AT&T	\$ 825.94
Utilities	4451	9/3/2020	CHK	AT&T	\$ 1,018.26
Utilities	4452	9/3/2020	CHK	AT&T	\$ 201.14
Utilities	4453	9/3/2020	CHK	Southern California Edison	\$ 16.33
Utilities	4454	9/3/2020	CHK	Southern California Edison	\$ 117.24
Utilities	4457	9/3/2020	CHK	Burrtec Waste Industries Inc	\$ 83.92
Utilities	4459	9/3/2020	CHK	Verizon Wireless	\$ 271.10
Utilities	4460	9/3/2020	CHK	Verizon Wireless	\$ 130.61
Utilities	4462	9/10/2020	CHK	Riverside, City of	\$ 2,657.36
Utilities	4473	9/24/2020	CHK	AT&T	\$ 978.34
Utilities	4482	9/24/2020	CHK	DIRECTV	\$ 69.99
<b>Utilities Total</b>					<b>\$ 6,620.55</b>
<b>Grand Total</b>					<b>\$ 2,283,059.37</b>

	Accounts Payable	
Checks	\$ 1,980,703.28	
Wire Transfers	\$ 61,812.85	
	<u>\$ 2,042,516.13</u>	
Take Care	\$ 3,400.11	
Other		
Payroll	\$ 237,143.13	
	<u>\$ 2,283,059.37</u>	

Total Disbursements for September 2020

Santa Ana Watershed Project Authority  
 Consulting  
 Sep-20

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments
EFT03551	9/3/2020	ACS100-15	New SALTS Server	Accent Computer Solutions	\$ 1,800.00	\$ 900.00	\$ -	
EFT03585	9/24/2020	ACS100-16	Enhanced Security Network	Accent Computer Solutions	\$ 9,936.00	\$ 828.00	\$ 6,624.00	
EFT03585	9/24/2020	ACS100-17	IT Support	Accent Computer Solutions	\$ 58,826.00	\$ 2,120.00	\$ 39,423.53	
EFT03571	9/17/2020	PO4121	Load Test for SAWPA Building	Alexander Pacific Electrical	\$ 500.00	\$ 500.00	\$ -	
4471	9/17/2020	BLAIS370-02	Grant Needs Assessment Monitoring	Blais & Associates	\$ 24,700.00	\$ 527.47	\$ 14,379.06	
EFT03569	9/17/2020	CDM386-15	Regional Bacteria Monitoring Program	CDM Smith	\$ 415,453.00	\$ 44,295.70	\$ 248,235.85	
EFT03574	9/17/2020	GEI374-01	CEQA Compliance Documentation	GEI Consultants	\$ 31,900.00	\$ 18,936.25	\$ 3,949.25	
EFT03574	9/17/2020	GEI384-01	MSAR TMDL Synoptic Study	GEI Consultants	\$ 200,000.00	\$ 5,812.30	\$ 788.75	
EFT03560	9/10/2020	INSOL100-15	Great Plains and Journyx Tech Support	Integrated Systems Solutions	\$ 4,750.00	\$ 52.50	\$ 3,791.00	
4458	9/3/2020	JRE100-01	FPPC Reporting	J. Richard Eichman	\$ 1,200.00	\$ 255.80	\$ 392.40	
EFT03565	9/10/2020	KSC384-01	MSAR Pathogen TMDL TF Regulatory Support	Kahn, Soares, & Conway	\$ 108,156.50	\$ 2,587.50	\$ 93,873.50	
EFT03565	9/10/2020	KSC374-01	Basin Monitoring Program TF Regulatory Support	Kahn, Soares, & Conway	\$ 93,293.60	\$ 3,691.50	\$ 79,459.10	
EFT03564	9/10/2020	NAWC370-01	Weather Modification Feasability Study	North American Weather Consultants	\$ 75,000.00	\$ 35,000.00	\$ 10,000.00	
EFT03561	9/10/2020	TRU240-24	BL Sampling Support	Trussell Technologies	\$ 23,590.00	\$ 1,379.30	\$ 6,450.34	
EFT03582	9/24/2020	WCA100-03-03	State Legislative Consulting Services	West Coast Advisors	\$ 235,000.00	\$ 9,750.00	\$ 20,500.00	
					<b>\$ 126,636.32</b>			



**COMMISSION MEMORANDUM NO. 2020.71**

**DATE:** December 1, 2020  
**TO:** SAWPA Commission  
**SUBJECT:** Inter-Fund Borrowing – September 2020  
**PREPARED BY:** Karen Williams, DGM/CFO

**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 September 2020. 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	08/31/2020 Balance	Loan Receipts	New Charges	09/30/2020 Balance
130	Proposition 84 Admin R1	\$45,134.26	(\$0.00)	\$0.00	\$45,134.26
135	Proposition 84 Admin R2	90,112.68	(0.00)	3,998.98	94,111.66
140	Proposition 84 Admin R3	65,153.59	(0.00)	4,816.81	69,970.40
145	Proposition 84 Admin R4	144,071.59	(0.00)	12,138.83	156,210.42
150	Proposition 1 – Admin	23,218.91	(0.00)	7,079.48	30,298.39
398	Proposition 1 – DACI Grant	161,901.51	(0.00)	18,640.65	180,542.16
477	LESJWA Administration	18,153.24	(17,484.33)	20,625.86	21,294.77
504	Prop 84 – Round I&II	0	(50,000.00)	0.00	50,000.00
504	Prop 84 - Drought Projects	122,979.41	(0.00)	0.00	122,979.41
	<b>Total Funds Borrowed</b>	<b>\$670,725.19</b>	<b>(\$67,484.33)</b>	<b>\$67,300.61</b>	<b>\$670,541.47</b>
	General Fund Reserves Balance		\$2,469,003.25		
	Less Amount Borrowed		<u>670,541.47</u>		
	Balance of General Fund Reserves		\$1,798,461.78		

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 months

**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. Retention should be released within the next few months.

**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 150**

This fund is for the administration of Proposition 1 grant funds. Once the contract has been signed by DWR 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 and 10% will be withheld for retention.

**Fund 477**

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

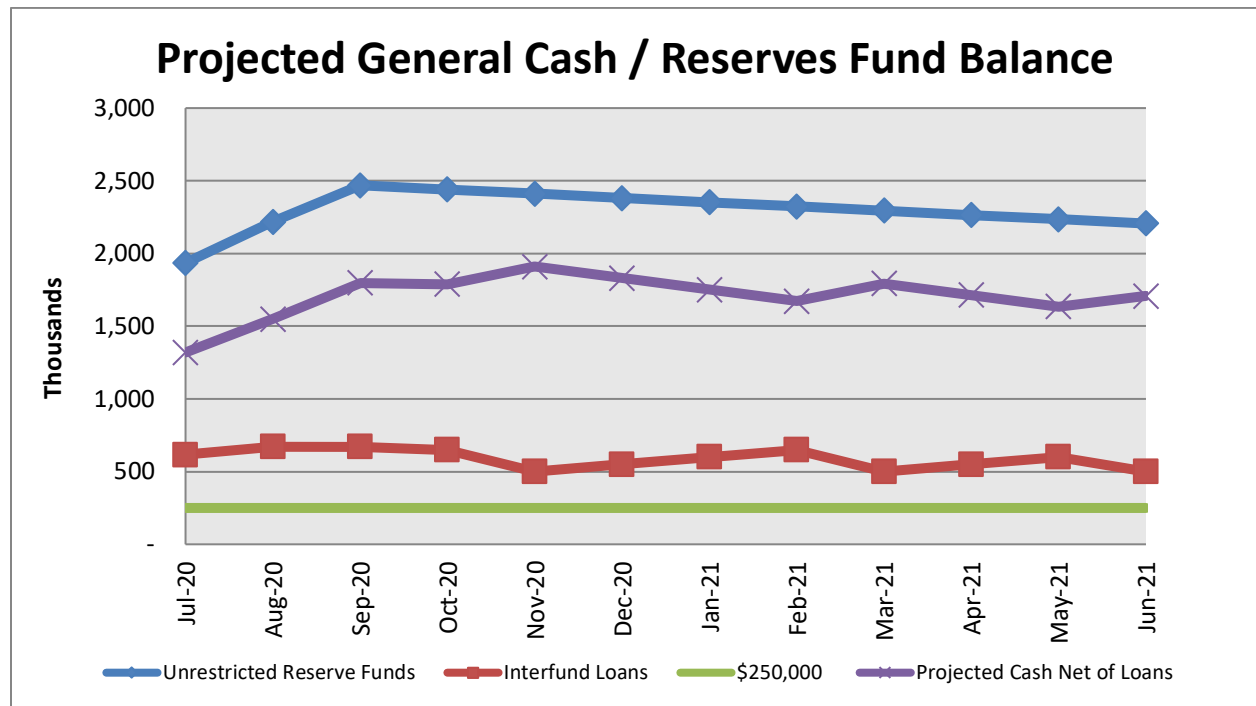
**Fund 504**

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	Costs Through 09/30/2020	Remaining Grant Budget
130	Proposition 84 Admin R1	\$660,004	(\$571,491)	\$88,513
135	Proposition 84 Admin R2	627,405	(582,763)	44,641
140	Proposition 84 Admin R3	887,860	(858,950)	28,910
145	Proposition 84 Admin R4	3,213,384	(834,733)	2,378,651
150	Proposition 1 Admin	TBD	(30,298)	TBD
398	Proposition 1 – DACI Grant	6,300,000	(4,667,825)	1,632,175
504	Prop 84 - Drought Projects	5,547,816	(3,482,114)	2,065,702
504	Prop 84 – 2015 Round (SARCCUP)	1,543,810	(622,466)	921,344
Totals		\$18,780,279	(\$11,650,640)	\$7,159,936

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 2021. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2021 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 that 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



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## COMMISSION MEMORANDUM NO. 2020.72

**DATE:** December 1, 2020

**TO:** SAWPA Commission

**SUBJECT:** Performance Indicators and Financial Reporting – September 2020

**PREPARED BY:** Karen Williams, DGM/CFO

### 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 Two Months Ending Monday, August 31, 2020

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Investments	\$2,893,400.46	\$53,074,003.47	(\$46,252.08)	\$1,129,454.26	\$2,487,339.49	\$59,537,945.60
Accounts Receivable	136,243.00	1,929,164.77	0.00	5,516,001.28	628,243.33	8,209,652.38
Prepays and Deposits	60,307.46	125,693.21	0.00	0.00	0.00	186,000.67
<b>Total Current Assets</b>	<u>3,089,950.92</u>	<u>55,128,861.45</u>	<u>(46,252.08)</u>	<u>6,645,455.54</u>	<u>3,115,582.82</u>	<u>67,933,598.65</u>
<b>Fixed Assets</b>						
Property, Plant & Equipment less accum depreciation	1,521,074.25	80,237,935.75	0.00	0.00	0.00	81,759,010.00
Work In Process	0.00	0.00	389,473.60	0.00	0.00	389,473.60
<b>Total fixed assets</b>	<u>1,521,074.25</u>	<u>80,237,935.75</u>	<u>389,473.60</u>	<u>0.00</u>	<u>0.00</u>	<u>82,148,483.60</u>
<b>Other Assets</b>						
Wastewater treatment/disposal rights, net of amortization	0.00	24,465,197.53	0.00	0.00	0.00	24,465,197.53
Inventory - Mitigation Credits	0.00	0.00	0.00	0.00	1,910,560.00	1,910,560.00
<b>Total Other Assets</b>	<u>0.00</u>	<u>24,465,197.53</u>	<u>0.00</u>	<u>0.00</u>	<u>1,910,560.00</u>	<u>26,375,757.53</u>
<b>Total Assets</b>	<u><u>\$4,611,025.17</u></u>	<u><u>\$159,831,994.73</u></u>	<u><u>\$343,221.52</u></u>	<u><u>\$6,645,455.54</u></u>	<u><u>\$5,026,142.82</u></u>	<u><u>\$176,457,839.78</u></u>
<b>Liabilities and Fund Equity</b>						
<b>Current Liabilities</b>						
Accounts Payable/Accrued Expenses	\$802,276.92	\$1,254,320.92	\$6,979.49	\$4,767,272.19	\$92,703.25	\$6,923,552.77
Accrued Interest Payable	0.00	256,047.75	0.00	0.00	0.00	256,047.75
Customer Deposits	0.00	20,354.22	0.00	0.00	466,361.33	486,715.55
<b>Noncurrent Liabilities</b>						
Long-term Debt	4,584,538.00	27,466,161.19	0.00	0.00	0.00	32,050,699.19
Deferred Revenue	0.00	65,188,825.50	0.00	0.00	0.00	65,188,825.50
<b>Total Liabilities</b>	<u>5,386,814.92</u>	<u>94,185,709.58</u>	<u>6,979.49</u>	<u>4,767,272.19</u>	<u>559,064.58</u>	<u>104,905,840.76</u>
<b>Fund Equity</b>						
Contributed Capital	0.00	20,920,507.03	0.00	0.00	0.00	20,920,507.03
Retained Earnings	2,505,211.67	44,631,429.36	389,473.60	1,337,714.59	3,540,774.67	52,404,603.89
Revenue Over/Under Expenditures	(3,281,001.42)	94,348.76	(53,231.57)	540,468.76	926,303.57	(1,773,111.90)
<b>Total Fund Equity</b>	<u>(775,789.75)</u>	<u>65,646,285.15</u>	<u>336,242.03</u>	<u>1,878,183.35</u>	<u>4,467,078.24</u>	<u>71,551,999.02</u>
<b>Total Liabilities &amp; Fund Equity</b>	<u><u>\$4,611,025.17</u></u>	<u><u>\$159,831,994.73</u></u>	<u><u>\$343,221.52</u></u>	<u><u>\$6,645,455.54</u></u>	<u><u>\$5,026,142.82</u></u>	<u><u>\$176,457,839.78</u></u>

**Santa Ana Watershed Project Authority**  
**Revenue & Expenses by Fund Type**  
**For the Two Months Ending Monday, August 31, 2020**

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Operating Revenue</b>						
Discharge Fees	\$0.00	\$1,906,124.13	\$0.00	\$0.00	\$0.00	\$1,906,124.13
Grant Proceeds	0.00	0.00	0.00	(4,731,297.35)	0.00	(4,731,297.35)
Financing Proceeds	0.00	0.00	0.00	0.00	39,077.82	39,077.82
Total Operating Revenue	0.00	1,906,124.13	0.00	(4,731,297.35)	39,077.82	(2,786,095.40)
<b>Operating Expenses</b>						
Labor	236,593.58	202,251.01	15,499.92	83,234.78	25,959.44	563,538.73
Benefits	76,749.75	91,619.70	7,021.47	37,705.35	11,759.64	224,855.91
Indirect Costs	0.00	304,994.50	23,373.89	125,518.08	39,146.83	493,033.30
Education & Training	5,556.95	0.00	0.00	0.00	0.00	5,556.95
Consulting & Professional Services	72,569.80	12,919.28	5,924.99	55,765.13	142,097.34	289,276.54
Operating Costs	705.45	416,610.68	0.00	0.00	0.00	417,316.13
Repair & Maintenance	9,381.55	2,903.25	0.00	0.00	0.00	12,284.80
Phone & Utilities	20,784.15	1,717.68	0.00	0.00	0.00	22,501.83
Equipment & Computers	59,152.09	35,673.94	0.00	0.00	0.00	94,826.03
Meeting & Travel	350.00	0.00	0.00	0.00	0.00	350.00
Other Administrative Costs	31,490.81	17,097.19	356.80	130.00	10,050.00	59,124.80
Indirect Costs Applied	(493,033.30)	0.00	0.00	0.00	0.00	(493,033.30)
Other Expenses	10,798.25	29,832.54	1,054.50	0.00	0.00	41,685.29
Construction	0.00	0.00	0.00	(4,670,529.05)	0.00	(4,670,529.05)
Total Operating Expenses	31,099.08	1,115,619.77	53,231.57	(4,368,175.71)	229,013.25	(2,939,212.04)
Operating Income (Loss)	(31,099.08)	790,504.36	(53,231.57)	(363,121.64)	(189,935.43)	153,116.64
<b>Nonoperating Income (Expense)</b>						
Member Contributions	680,340.00	0.00	0.00	830,000.00	20,000.00	1,530,340.00
Other Agency Contributions	0.00	0.00	0.00	73,590.40	1,096,239.00	1,169,829.40
Interest Income	0.00	(206,820.60)	0.00	0.00	0.00	(206,820.60)
Interest Expense - Debt Service	0.00	(6,402.60)	0.00	0.00	0.00	(6,402.60)
Other Income	468.01	314,593.30	0.00	0.00	0.00	315,061.31
Retiree Medical Benefits	(22,783.14)	0.00	0.00	0.00	0.00	(22,783.14)
Total Nonoperating Income (Expense)	658,024.87	101,370.10	0.00	903,590.40	1,116,239.00	2,779,224.37
Excess Rev over (under) Exp	\$626,925.79	\$891,874.46	(\$53,231.57)	\$540,468.76	\$926,303.57	\$2,932,341.01

Aging Report  
Santa Ana Watershed Project Authority  
Receivables as of September 30, 2020

Customer Name	Project	Total	0-30 Days	31-60 Days	61 and Over
Chino Basin Desalter Authority	Brine Line	376,812.15	188,329.15	188,483.00	
Department of Water Resources	Prop 84, Prop 1	4,657,408.43		47,499.01	4,609,909.42
Eastern Municipal Water District	Brine Line, EC, SARCCUP Participant Fees	494,400.49	187,145.69	298,299.80	8,955.00
Eastvale, City of	MSAR TMDL	18,484.00			18,484.00
Elsinore Valley Municipal Water District	EC	8,955.00			8,955.00
Greater LA County IRWM	Roundtable of Regions	-			10329.2
Inland Empire Utilities Agency	Brine Line, EC, Basin Monitoring, SARCCUP Participant Fees	331,069.95	86,729.94	140,647.27	103,692.74
Jurupa Community Services District	EC	8,955.00			8,955.00
Orange County Water District	SARCCUP Participant Fees	103,433.65		103,433.65	
Rialto Bioenergy Facility, LLC	Brine Line	17,793.76	8,896.88	8,896.88	
Riverside , City of	EC	8,955.00			8,955.00
San Bernardino Valley Municipal Water District	Brine Line, SARCCUP Participant Fees	462,904.29	118,498.95	224,942.04	119,463.30
Western Municipal Water District	Brine Line, SARCCUP Participant Fees	798,414.00	348644.36	449,769.64	
Yosemite - Mariposa IRWM	Roundtable of Regions	516.46			516.46
Total Accounts Receivable		7,288,102.18	938,244.97	1,461,971.29	4,898,215.12

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Sep-20  
(Reflects Invoices Received as of 10/14/20)

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
ACS100-16	100-00	Accent Computer Solutions	Enhanced Security Network	07/01/2020	06/30/2021	\$ 9,936.00	\$ -	\$ 9,936.00	\$ 3,312.00	\$ 6,624.00	Dean Unger	
ACS100-17	100-00	Accent Computer Solutions	IT Support	07/01/2020	06/30/2021	\$ 58,826.00	\$ -	\$ 58,826.00	\$ 19,402.47	\$ 39,423.53	Dean Unger	
GG5100-01	100-00	Gladwell Governmental Services	Records Retention Schedule Update	04/21/2020	06/30/2021	\$ 8,400.00	\$ -	\$ 8,400.00	\$ 3,120.00	\$ 5,280.00	Kelly Berry	
INSOL100-15	100-00	Integrated Systems Solutions	Great Plains and Journyx Tech Support	07/01/2020	06/30/2021	\$ 4,750.00	\$ -	\$ 4,750.00	\$ 959.00	\$ 3,791.00	Dean Unger	
LSGK100-08	100-00	Lagerlof, LLP	General Legal Services	07/01/2020	06/30/2021	\$ 52,327.00	\$ -	\$ 52,327.00	\$ 8,626.25	\$ 43,700.75	Rich Haller	
LSGK100-09	100-00	Lagerlof, LLP	General Legal Services	07/01/2020	06/30/2021	\$ 86,926.00	\$ -	\$ 86,926.00	\$ 26,463.75	\$ 60,462.25	Rich Haller	
TEAM100-07	100-00	Teaman, Ramirez, & Smith	Auditing Services	06/05/2018	06/30/2021	\$ 79,500.00	\$ -	\$ 79,500.00	\$ 56,888.00	\$ 22,612.00	Karen Williams	
JRE100-01	100-03	J. Richard Eichman	FPPC Reporting	01/01/2020	01/31/2021	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 807.60	\$ 392.40	Karen Williams	
WCA100-03-03	100-03	West Coast Advisors	State Legislative Consulting	01/01/2019	12/31/2020	\$ 235,000.00	\$ -	\$ 235,000.00	\$ 214,500.00	\$ 20,500.00	Rich Haller	
WCA100-03-04	100-03	West Coast Advisors	State Legislative Consulting	09/15/2020	12/21/2022	\$ 240,000.00	\$ -	\$ 240,000.00	\$ -	\$ 240,000.00	Rich Haller	
CALV240-03	240	Calvada Surveying	BL On-Call Land Surveying Services	06/05/2018	06/30/2021	\$ 28,970.00	\$ -	\$ 28,970.00	\$ 1,500.00	\$ 27,470.00	Carlos Quintero	On-Call
WO2021-13	240	E S Babcock	Brine Line Sample Collection & Analysis	07/01/2020	06/30/2021	\$ 85,089.00	\$ -	\$ 85,089.00	\$ 14,498.00	\$ 70,591.00	Carlos Quintero	
DOW240-02	240	Downstream Services	Brine Line Pipe Cleaning Services	07/01/2020	06/30/2022	\$ 210,476.00	\$ -	\$ 210,476.00	\$ -	\$ 210,476.00	Carlos Quintero	
DOUG240-03	240	Douglas Environmental	Brine Line Flow Meter Calibration	11/02/2018	06/30/2021	\$ 25,620.00	\$ 9,000.00	\$ 34,620.00	\$ 27,066.06	\$ 7,553.94	Carlos Quintero	
DUDK240-05	240	Dudek	Brine Line Criticality Assessment	07/01/2020	02/28/2021	\$ 89,560.00	\$ -	\$ 89,560.00	\$ 8,785.00	\$ 80,775.00	David Ruhl	
HAZ240-09	240	Haz Mat Trans Inc	On-Call Draining & Emergency Clean Up	07/01/2018	06/30/2021	\$ 96,665.00	\$ -	\$ 96,665.00	\$ 2,714.01	\$ 93,950.99	Carlos Quintero	On-Call
HAZ240-10	240	Haz Mat Trans Inc	BL Debris Hauling & Disposal Services	07/01/2018	06/30/2021	\$ 34,800.00	\$ -	\$ 34,800.00	\$ 15,480.00	\$ 19,320.00	Carlos Quintero	On-Call
HOU240-04	240	Houston Harris PCS Inc	Brine Line On-Call Inspection Services	07/01/2018	06/30/2021	\$ 96,448.00	\$ -	\$ 96,448.00	\$ 35,297.30	\$ 61,150.70	Carlos Quintero	On-Call
WO2021-14	240	Inland Empire Utilities Agency	Reach 4A Upper - BL Maintenance	07/01/2020	06/30/2021	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	Carlos Quintero	
PRO240-02	240	Project Partners	Pretreatment Program Compliance Evaluation	08/24/2020	01/29/2021	\$ 28,500.00	\$ -	\$ 28,500.00	\$ -	\$ 28,500.00	David Ruhl	
TRU240-24	240	Trussell Technologies	BL Sampling Support	09/12/2019	06/30/2021	\$ 23,590.00	\$ -	\$ 23,590.00	\$ 17,139.66	\$ 6,450.34	Carlos Quintero	
DUDK320-03-03	320	Dudek	Reach MAS 4A-180 Removal Project	03/02/2020	12/31/2020	\$ 29,960.00	\$ -	\$ 29,960.00	\$ 29,035.00	\$ 925.00	David Ruhl	
DUDK320-03-04	320	Dudek	Reach 4A & 4D MAS Rehabilitation Project	07/01/2020	06/30/2021	\$ 34,280.00	\$ -	\$ 34,280.00	\$ 2,775.00	\$ 31,505.00	David Ruhl	
STAN320-03	320	Stantec	Alcoa Dike - Brine Line Protection/Relocation - Design	11/04/2019	12/31/2020	\$ 49,378.00	\$ 32,191.00	\$ 81,569.00	\$ 81,063.44	\$ 505.56	David Ruhl	
STAN320-04	320	Stantec	Alcoa Dike - Brine Line Protection	07/01/2020	06/30/2021	\$ 31,844.00	\$ -	\$ 31,844.00	\$ 14,292.35	\$ 17,551.65	David Ruhl	282
TRC320-01	320	TRC Engineers, Inc.	Brine Line Protection Above Prado Construction	08/10/2020	03/31/2021	\$ 162,118.00	\$ -	\$ 162,118.00	\$ 15,174.00	\$ 146,944.00	David Ruhl	

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Sep-20  
(Reflects Invoices Received as of 10/14/20)

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
BLAIS370-02	370-01	Blais & Associates	Grant Needs Assessment & Grant Monitoring	10/01/2018	12/31/2020	\$ 24,700.00	\$ -	\$ 24,700.00	\$ 10,320.94	\$ 14,379.06	Ian Achimore	
NAWC370-01	370-01	North American Weather Consultants	Weather Modification Feasibility Study	01/01/2020	12/31/2020	\$ 75,000.00	\$ -	\$ 75,000.00	\$ 65,000.00	\$ 10,000.00	Mark Norton	
JMC373-02	373	JM Consultants	Roundtable of Regions Network Coordinator	07/01/2020	06/30/2021	\$ 74,990.00	\$ -	\$ 74,990.00	\$ -	\$ 74,990.00	Ian Achimore	
GEI374-01	374	GEI Consultants	CEQA Compliance Documentation	12/01/2019	12/31/2020	\$ 31,900.00	\$ -	\$ 31,900.00	\$ 27,950.75	\$ 3,949.25	Mark Norton	
KSC374-01	374	Kahn, Soares, & Conway	Basin Monitoring TF Regulatory Support	04/01/2020	06/30/2021	\$ 93,293.60	\$ -	\$ 93,293.60	\$ 13,834.50	\$ 79,459.10	Mark Norton	
RISK374-08	374	Risk Sciences	Basin Monitoring TF Regulatory Support	02/15/2019	12/31/2020	\$ 74,400.00	\$ 10,000.00	\$ 84,400.00	\$ 76,307.39	\$ 8,092.61	Mark Norton	
SAWA381-01	381	Santa Ana Watershed Association	Van Buren Bridge Sucker Restoration	09/26/2018	05/31/2021	\$ 15,130.20	\$ 5,228.00	\$ 20,358.20	\$ 8,658.68	\$ 11,699.52	Ian Achimore	
GEI384-01	384-01	GEI Consultants	MSAR TMDL Synoptic Study	07/01/2019	12/31/2020	\$ 200,000.00	\$ -	\$ 200,000.00	\$ 199,211.25	\$ 788.75	Rick Whetsel	
KSC384-01	384-01	Kahn, Soares, & Conway	MSAR Pathogen TMDL TF Regulatory Support	04/01/2020	06/30/2021	\$ 108,156.50	\$ -	\$ 108,156.50	\$ 14,283.00	\$ 93,873.50	Mark Norton	
RISK384-0	384-01	Risk Sciences	MSAR TMDL Task Force	09/01/2018	12/31/2020	\$ 49,340.00	\$ -	\$ 49,340.00	\$ 46,165.45	\$ 3,174.55	Rick Whetsel	
SOMA384-01	384-01	Somach, Simmons & Dunn	MSAR TMDL Regulatory Support	08/06/2019	07/01/2021	\$ 119,790.00	\$ -	\$ 119,790.00	\$ 11,633.50	\$ 108,156.50	Rick Whetsel	
CDM386-15	386	CDM Smith	Regional Bacteria Monitoring Program	04/01/2020	06/30/2021	\$ 412,633.00	\$ 2,820.00	\$ 415,453.00	\$ 167,217.15	\$ 248,235.85	Rick Whetsel	
SAWA387-06	387	Santa Ana Watershed Association	Arundo Surveying	07/17/2018	08/31/2021	\$ 23,000.00	\$ -	\$ 23,000.00	\$ 1,498.57	\$ 21,501.43	Ian Achimore	
JPW392-01	392	JPW Communications	Emerging Constituents Program Social Media Support	07/01/2020	06/30/2023	\$ 105,000.00	\$ -	\$ 105,000.00	\$ 975.00	\$ 104,025.00	Mark Norton	
KSC392-01	392	Kahn, Soares, & Conway	Emerging Constituents Program TF Regulatory Support	04/01/2020	06/30/2021	\$ 46,410.00	\$ -	\$ 46,410.00	\$ 586.50	\$ 45,823.50	Mark Norton	
PO3466	398	California Rural Water Association	Disadvantaged Communities Grant	07/19/2017	07/31/2021	\$ 240,000.00	\$ 1,177,938.74	\$ 1,417,938.74	\$ 607,390.54	\$ 810,548.20	Rick Whetsel	
FOX398-01	398	Fox Translation Services	On-Call Translation Services	12/17/2019	12/31/2020	\$ 10,000.00	\$ 10,000.00	\$ 20,000.00	\$ 19,092.26	\$ 907.74	Rick Whetsel	
GEI398-01	398	GEI Consultants	Homelessness Impact on Water Quality	09/24/2019	12/31/2020	\$ 74,441.00	\$ -	\$ 74,441.00	\$ 73,985.86	\$ 455.14	Rick Whetsel	
PO3463	398	Local Government Commission	Disadvantaged Communities Grant	07/19/2017	07/31/2021	\$ 442,000.00	\$ 214,352.00	\$ 656,352.00	\$ 500,866.98	\$ 155,485.02	Rick Whetsel	
PRO398-01	398	Project Partners	Disadvantaged Communities Involvement Program Support	07/01/2020	12/31/2020	\$ 33,000.00	\$ -	\$ 33,000.00	\$ 9,020.00	\$ 23,980.00	Rick Whetsel	
PO3465	398	University Enterprises Corporation	Disadvantaged Communities Grant	07/19/2017	07/31/2021	\$ 1,290,500.00	\$ -	\$ 1,290,500.00	\$ 910,235.56	\$ 380,264.44	Rick Whetsel	
PO3464	398	Water Education Foundation	Disadvantaged Communities Grant	07/19/2017	07/31/2021	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 149,987.89	\$ 12.11	Rick Whetsel	
WLC398-01	398	World Language Communications	On-Call Translation Services	12/16/2019	12/31/2020	\$ 10,000.00	\$ 20,000.00	\$ 30,000.00	\$ 14,874.80	\$ 15,125.20	Rick Whetsel	
RMC504-401-07	504-04	Woodard & Curran	SARCCUP Program Mgmt. Services	07/01/2020	06/30/2021	\$ 225,005.00	\$ -	\$ 225,005.00	\$ 19,469.25	\$ 205,535.75	Ian Achimore	

## 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
150	Proposition 1 – Program Management	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
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
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



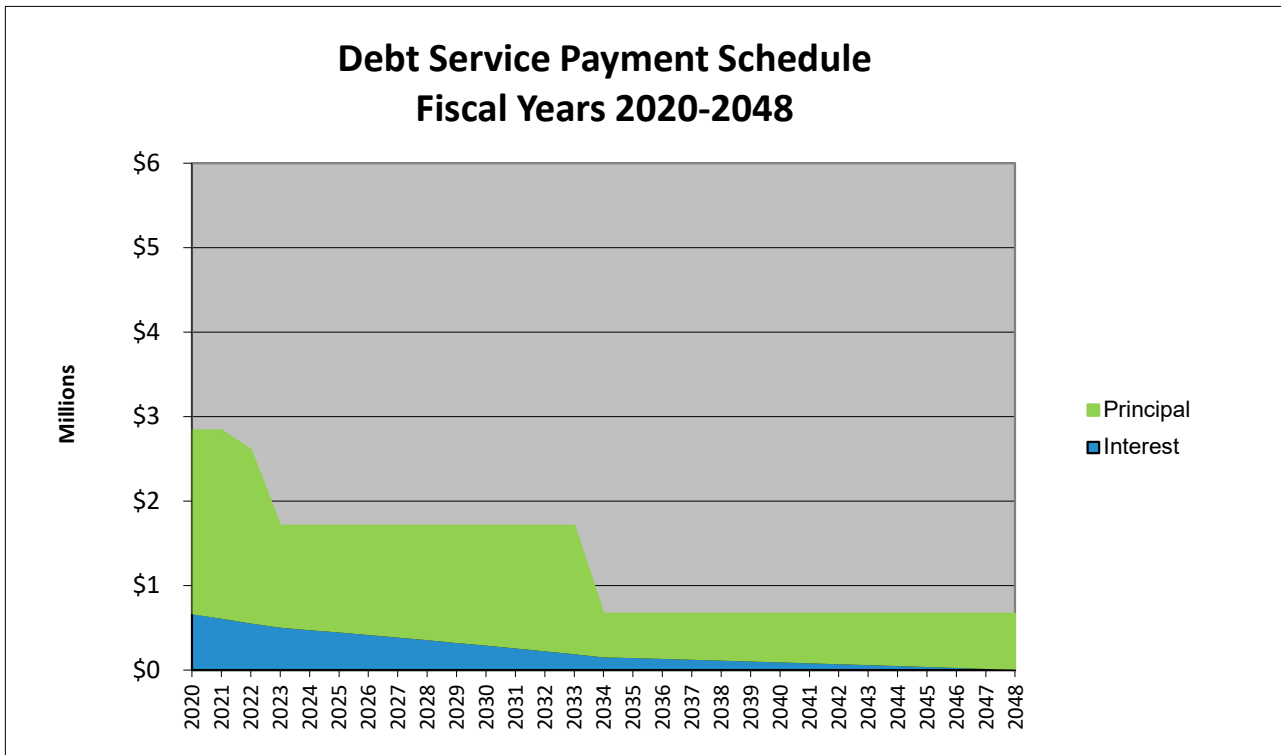
Santa Ana Watershed Project Authority  
 Brine Line Debt Service Funding Analysis  
 September 30, 2020

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						3,765,194
2021	-	-	1,709,476	(2,835,753)	83,461	(1,042,817)	1,679,560
2022	-	-	1,709,476	(2,608,439)	62,604	(836,359)	843,201
2023	-	-	1,709,476	(1,709,476)	45,877	45,877	889,079
2024	-	-	1,709,476	(1,709,476)	46,795	46,795	935,873
2025	-	-	1,709,476	(1,709,476)	47,731	47,731	983,604
2026	-	-	1,709,476	(1,709,476)	48,685	48,685	1,032,289
2027	-	-	1,709,476	(1,709,476)	49,659	49,659	1,081,948
2028	-	-	1,709,476	(1,709,476)	50,652	50,652	1,132,600
2029	-	-	1,709,476	(1,709,476)	51,665	51,665	1,184,266
2030	-	-	1,709,476	(1,709,476)	52,699	52,699	1,236,964
2031	-	-	1,709,476	(1,709,476)	53,752	53,752	1,290,717
2032	-	-	1,709,476	(1,709,476)	54,828	54,828	1,345,544
2033	-	-	1,709,476	(1,709,476)	55,924	55,924	1,401,468
2034	-	-	665,203	(665,203)	57,043	57,043	1,458,511
2035	-	-	665,203	(665,203)	58,183	58,183	1,516,695
2036	-	-	665,203	(665,203)	59,347	59,347	1,576,041
2037	-	-	665,203	(665,203)	60,534	60,534	1,636,576
2038	-	-	665,203	(665,203)	61,745	61,745	1,698,320
2039	-	-	665,203	(665,203)	62,980	62,980	1,761,300
2040	-	-	665,203	(665,203)	64,239	64,239	1,825,539
2041	-	-	665,203	(665,203)	65,524	65,524	1,891,063
2042	-	-	665,203	(665,203)	66,834	66,834	1,957,897
2043	-	-	665,203	(665,203)	68,171	68,171	2,026,068
2044	-	-	665,203	(665,203)	69,535	69,535	2,095,603
2045	-	-	665,203	(665,203)	70,925	70,925	2,166,528
2046	-	-	665,203	(665,203)	72,344	72,344	2,238,872
2047	-	-	665,203	(665,203)	73,791	73,791	2,312,663
2048	-	-	665,203	(665,203)	75,266	75,266	2,387,929
	-	-	32,201,222	(34,226,463)	1,690,793	(334,448)	-

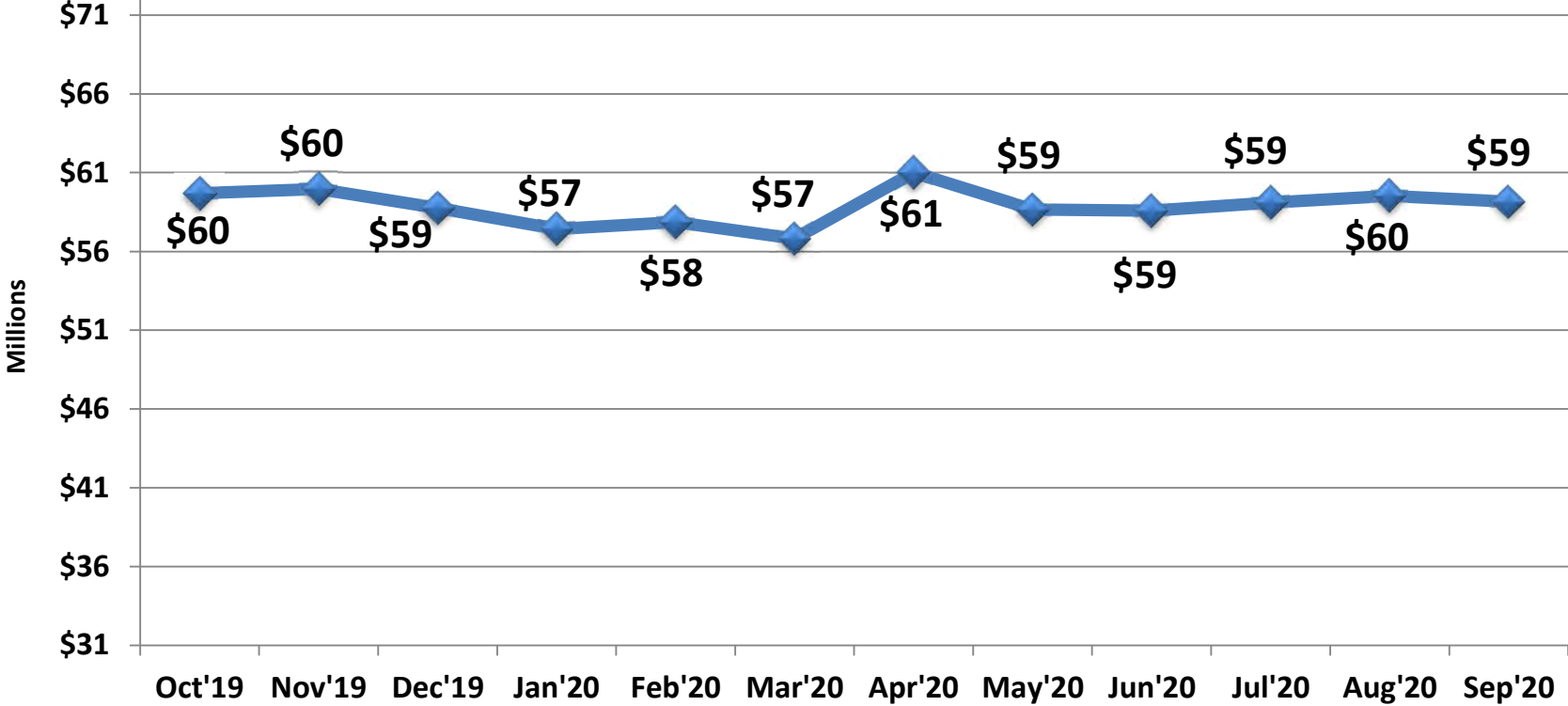
\*Interest earned is based on a conservative 2.00% average return over the period

Santa Ana Watershed Project Authority  
 Brine Line Debt Service Payment Schedule  
 September 30, 2020

FYE	Interest	Principal	Total Payment	New SRF Loan	Remaining Principal
2020	675,214	2,160,539	2,835,753	-	27,686,941
2021	620,782	2,214,971	2,835,753	-	25,471,969
2022	564,959	2,043,480	2,608,439	-	23,428,489
2023	514,301	1,195,175	1,709,476	-	22,233,314
2024	486,080	1,223,395	1,709,476	-	21,009,919
2025	457,181	1,252,295	1,709,476	-	19,757,624
2026	427,585	1,281,891	1,709,476	-	18,475,734
2027	397,276	1,312,199	1,709,476	-	17,163,534
2028	366,237	1,343,239	1,709,476	-	15,820,295
2029	334,449	1,375,027	1,709,476	-	14,445,268
2030	301,894	1,407,582	1,709,476	-	13,037,686
2031	268,553	1,440,923	1,709,476	-	11,596,763
2032	234,407	1,475,068	1,709,476	-	10,121,695
2033	199,437	1,510,039	1,709,476	-	8,611,656
2034	163,621	501,581	665,203	-	8,110,075
2035	154,091	511,111	665,203	-	7,598,964
2036	144,380	520,822	665,203	-	7,078,142
2037	134,485	530,718	665,203	-	6,547,424
2038	124,401	540,801	665,203	-	6,006,622
2039	114,126	551,077	665,203	-	5,455,546
2040	103,655	561,547	665,203	-	4,893,999
2041	92,986	572,217	665,203	-	4,321,782
2042	82,114	583,089	665,203	-	3,738,693
2043	71,035	594,167	665,203	-	3,144,526
2044	59,746	605,457	665,203	-	2,539,069
2045	48,242	616,960	665,203	-	1,922,109
2046	36,520	628,682	665,203	-	1,293,427
2047	24,575	640,627	665,203	-	652,799
2048	12,403	652,799	665,203	-	0



# Total Cash & Investments





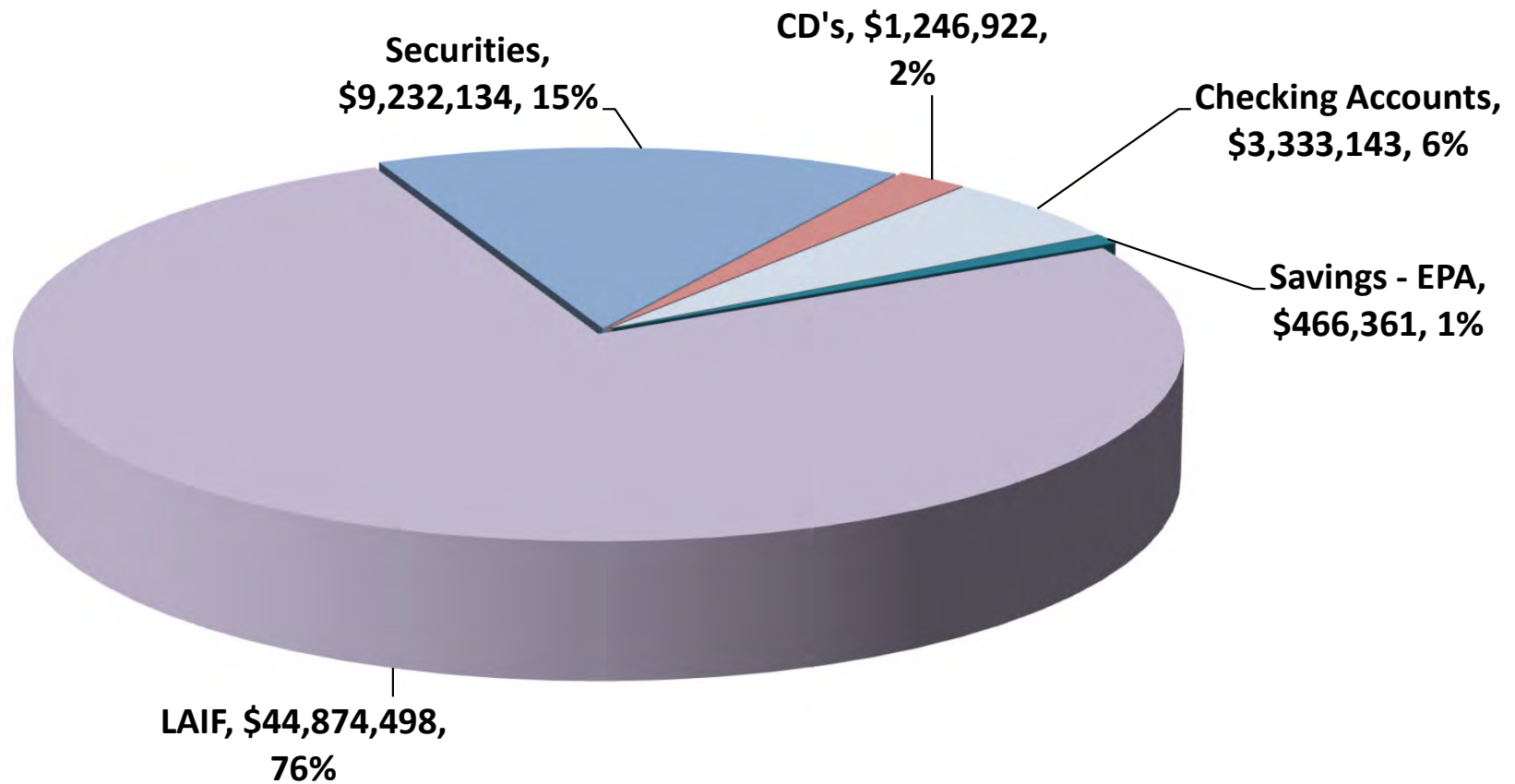
# CASH BALANCE & SOURCE OF FUNDS

September 30, 2020

Reserve Accounts		Cash and Investments					
	Total	Checking (Cash)	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Total
100	General Fund	\$ 1,798,462	1,798,462	-	-	-	\$ 1,798,462
100	Building Reserve	\$ 669,455	-	669,455	-	-	\$ 669,455
370	Basin Planning General	\$ 433,299	-	433,299	-	-	\$ 433,299
370	USBR Partnership Studies	\$ 64,458	-	64,458	-	-	\$ 64,458
373	Watershed Management Plan	\$ 666,912	-	666,912	-	-	\$ 666,912
240	Self Insurance Reserve	\$ 4,395,735	-	4,395,735	-	-	\$ 4,395,735
240	Brine Line Debt Retirement	\$ 3,077,709	-	3,077,709	-	-	\$ 3,077,709
240	Brine Line - Pipeline Replacement	\$ 21,549,970	-	11,070,914	-	9,232,134	\$ 21,549,970
240	Brine Line - OCSD Rehabilitation	\$ 3,719,181	-	3,719,181	-	-	\$ 3,719,181
240	Brine Line - Capacity Management	\$ 11,910,170	-	11,910,170	-	-	\$ 11,910,170
240	Brine Line - OCSD Future Capacity	\$ 1,823,486	-	1,823,486	-	-	\$ 1,823,486
240	Brine Line - Flow Imbalance Reserve	\$ 83,234	-	83,234	-	-	\$ 83,234
240	Brine Line - Rate Stabilization Reserve	\$ 1,021,832	-	1,021,832	-	-	\$ 1,021,832
240	Brine Line - Operating Reserve	\$ 4,269,033	1,534,681	2,734,352	-	-	\$ 4,269,033
401	Legal Defense Fund	\$ 466,361	-	-	466,361	-	\$ 466,361
374	Basin Monitoring Program TF	\$ 403,581	-	403,581	-	-	\$ 403,581
381	SAR Fish Conservation	\$ 125,921	-	125,921	-	-	\$ 125,921
384	Middle SAR TMDL TF	\$ 334,538	-	334,538	-	-	\$ 334,538
386	RWQ Monitoring TF	\$ 592,729	-	592,729	-	-	\$ 592,729
387	Mitigation Bank Credits	\$ 948,774	-	948,774	-	-	\$ 948,774
392	Emerging Constituents TF	\$ 78,984	-	78,984	-	-	\$ 78,984
504	Prop 84 - SARCCUP Projects	\$ 719,233	-	719,233	-	-	\$ 719,233
		\$ 59,153,059	\$ 3,333,143	\$ 44,874,498	\$ 466,361	\$ 9,232,134	\$ 59,153,059

# Cash & Investments - September 2020

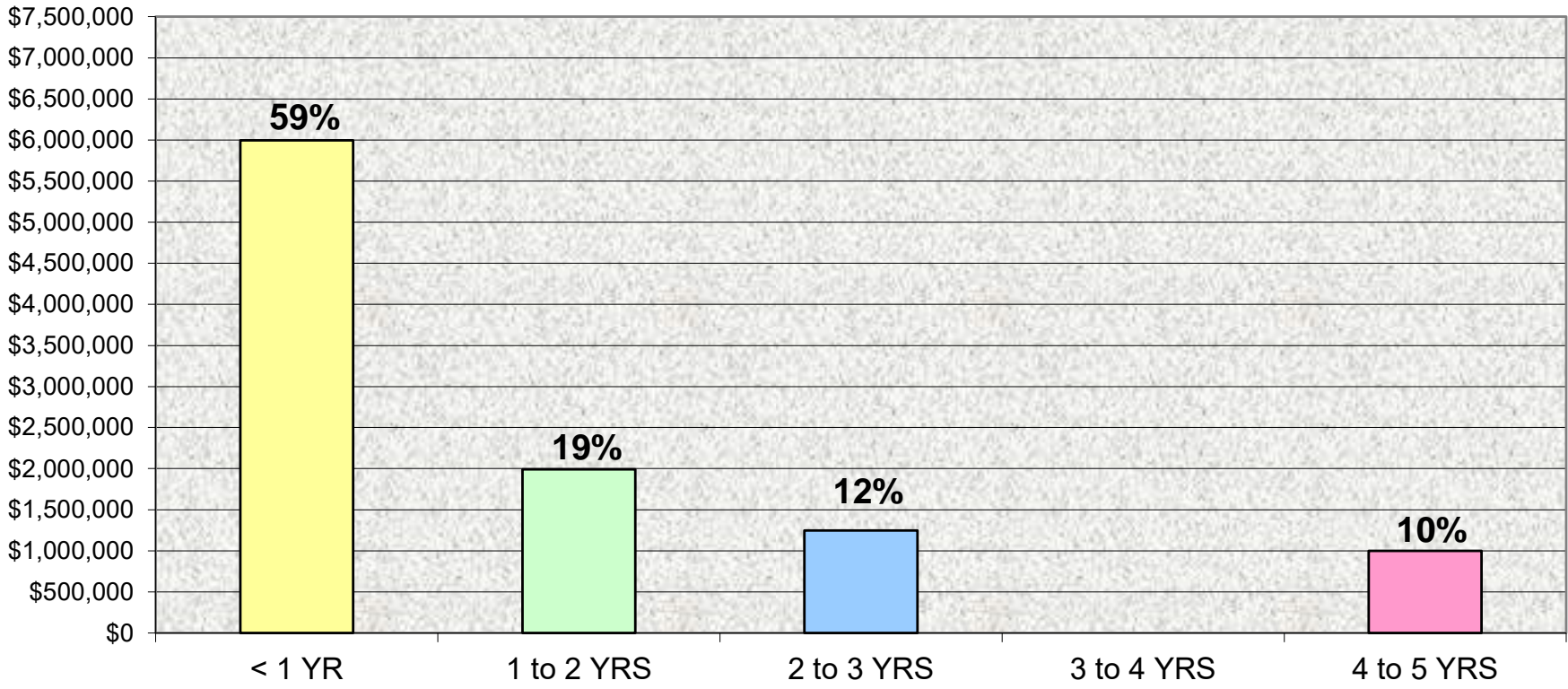
## \$59,153,059



Santa Ana Watershed Project Authority  
Reserve Account Analysis  
September 30, 2020

Reserve Account	Balance @ 6/30/2020	Interest Earned	Fund Receipts/ Contributions	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 9/30/2020	Estimated Fund Changes	Balance @ 6/30/2021
Brine Line Operating Reserve	3,856,386	13,873	3,249,020			(2,850,246)	4,269,033	-	4,269,033
Flow Imbalance Reserve	83,913	300				(979)	83,234	-	83,234
OCSD Future Capacity	1,817,199	6,287					1,823,486	-	1,823,486
Capacity Management	11,869,104	41,066					11,910,170	-	11,910,170
Rate Stabilization Reserve	1,018,308	3,523					1,021,832	-	1,021,832
Pipeline Replacement	21,146,193	27,783	452,623			(76,629)	21,549,970	(114,532)	21,435,438
OCSD Rehabilitation	3,706,357	12,824					3,719,181	-	3,719,181
Debt Retirement	3,765,194	11,605	427,187	(1,126,278)			3,077,709	247,814	3,325,523
Self Insurance	4,355,708	15,027	25,000				4,395,735	75,000	4,470,735
General Fund	2,086,029	8,494	684,706		(670,541)	(310,225)	1,798,462	-	1,798,462
Building Reserve	591,187	2,045	100,000			(23,776)	669,455	-	669,455
	54,295,578	142,828	4,938,536	(1,126,278)	(670,541)	(3,261,855)	54,318,269	208,282	54,526,551

# Twelve Month Maturity Schedule Securities



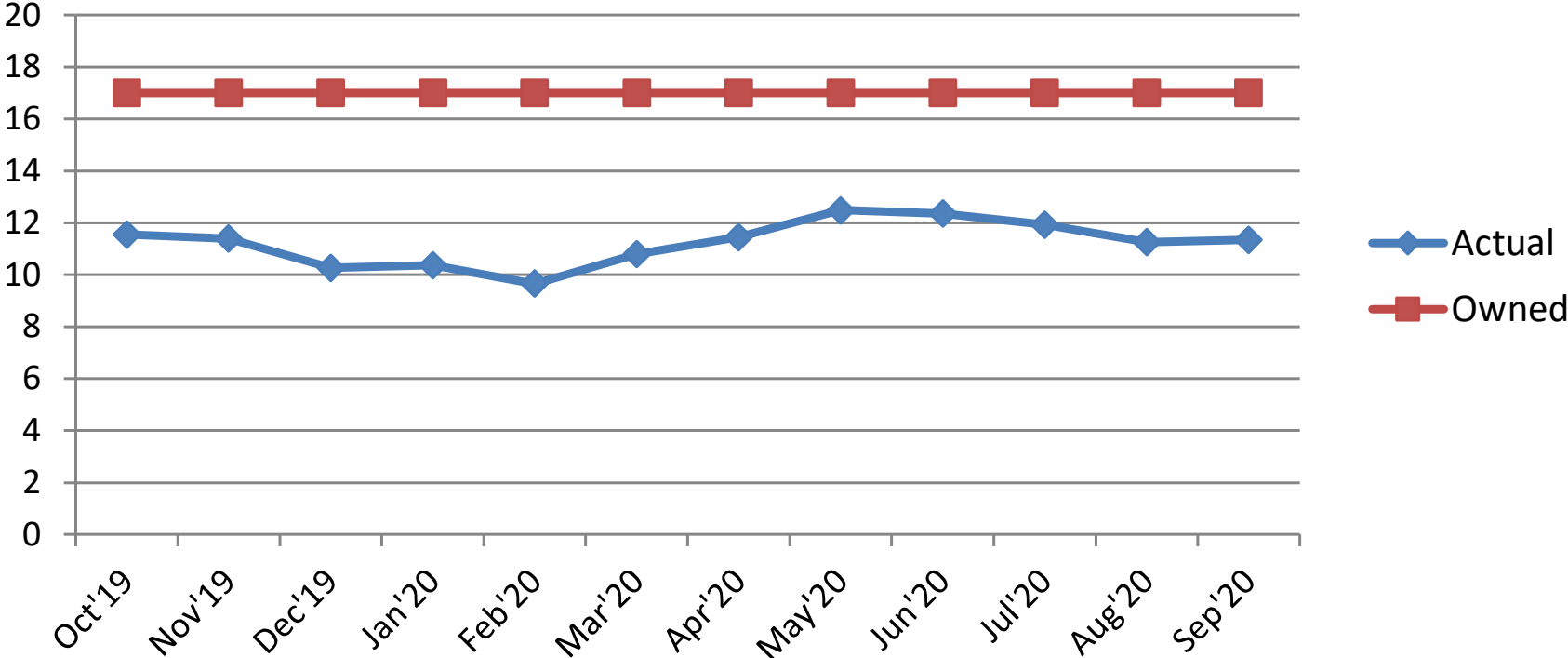
**SAWPA**  
**TREASURER'S REPORT**  
As of September 30, 2020

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	1,008,583.00	1.125%
Agency	FHLMC	4/17/2017	1/13/2022	102.55	\$ 512,767.00	\$ 500,000.00	\$ 500,000.00	514,413.00	2.375%
Agency	FHLB	12/14/2017	6/10/2022	99.89	\$ 998,930.00	\$ 1,000,000.00	\$ 1,000,000.00	1,033,186.00	2.125%
Agency	FHLB	2/4/2020	12/13/2024	106.25	\$ 531,250.00	\$ 500,000.00	\$ 500,000.00	550,842.50	2.750%
Agency	FNMA	12/28/2015	12/28/2020	100.21	\$ 1,002,140.00	\$ 1,000,000.00	\$ 1,000,000.00	1,004,296.00	1.875%
Agency	FNMA	6/16/2016	11/30/2020	101.52	\$ 1,015,157.00	\$ 1,000,000.00	\$ 1,000,000.00	1,002,363.00	1.500%
Agency	FNMA	2/4/2020	1/7/2025	101.08	\$ 505,380.00	\$ 500,000.00	\$ 500,000.00	527,454.50	1.625%
Agency	USTN	11/17/2015	10/31/2020	100.00	\$ 1,005,312.50	\$ 1,000,000.00	\$ 1,000,000.00	1,001,344.00	1.750%
Agency	USTN	6/16/2016	10/31/2020	101.12	\$ 506,914.06	\$ 500,000.00	\$ 500,000.00	500,519.50	1.375%
Agency	USTN	12/14/2017	7/31/2021	96.91	\$ 969,062.50	\$ 1,000,000.00	\$ 1,000,000.00	1,008,359.00	1.125%
CORP	Apple Inc.	10/15/2018	5/3/2023	95.98	\$ 479,898.50	\$ 500,000.00	\$ 500,000.00	526,040.00	2.400%
CORP	Toyota Motor Credit Corp.	10/15/2018	9/20/2023	99.55	\$ 497,747.50	\$ 500,000.00	\$ 500,000.00	543,070.50	3.450%
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	Sallie Mae BK SLT	7/1/2019	6/27/2022	100.00	\$ 247,000.00	\$ 247,000.00	\$ 247,000.00	247,000.00	2.250%
CD	Morgan Stanley Bank NA	7/5/2019	7/5/2022	100.00	\$ 247,000.00	\$ 247,000.00	\$ 247,000.00	247,000.00	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%
					\$10,252,619.06	\$ 10,238,000.00	\$10,238,000.00	10,458,471.00	2.051%



# Average Daily Flow by Month





## SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	348,858	0.338
Total Payroll	1,031,919	
Gross Indirect Costs	950,936	
Less: Member Contributions & Other Revenue	(112,500)	
Indirect Costs for Distribution	838,436	
		Indirect Rate
Direct Labor	645,874	1.298
Indirect Costs	838,436	
<b>FY 2020-21 Labor multiplier - thru 09/30/20</b>		<b>1.636</b>
FY 2020-21 Budgeted Labor multiplier		<u>1.961</u>
FY 2019-20 Labor multiplier		<u>2.309</u>
FY 2018-19 Labor multiplier		<u>2.059</u>
FY 2017-18 Labor multiplier		<u>1.990</u>
FY 2016-17 Labor multiplier		<u>1.901</u>



## INDIRECT COSTS

*( to be Distributed )*

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru</u> <u>9/30/20</u>
51000	Salaries - Regular	\$ 386,044
52000	Benefits	\$ 174,878
60111	Tuition Reimbursement	\$ -
60112	Training	\$ 4,564
60113	Education	\$ 505
60114	Other Training & Education	\$ 604
60120	Audit Fees	\$ 7,500
60121	Consulting	\$ 15,283
60126	Temporary Services	\$ -
60128	Other Professional Services	\$ 700
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ 40,356
60133	Employment Recruitment	\$ 164
60153	Materials & Supplies	\$ -
60154	Safety	\$ 705
60155	Security	\$ 351
60156	Custodial Contract Services	\$ 5,052
60157	Landscaping Maintenance	\$ 3,783
60158	HVAC	\$ 1,867
60159	Facility Repair & Maintenance	\$ 2,249
60160	Telephone	\$ 14,772
60161	Cellular Services	\$ 2,576
60163	Electricity	\$ 5,659
60164	Water Services	\$ 2,486
60170	Equipment Expensed	\$ 8,701
60171	Equipment Rented	\$ 4,744

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru</u> <u>9/30/20</u>
60172	Equipment Repair / Maintenance	\$ 118
60180	Computer Hardware	\$ 4,269
9/30/2020	Computer Software	\$ 45,883
60182	Internet Services	\$ 5,990
60183	Computer Supplies	\$ 2,992
60184	Computer Repair/Maint	\$ -
60190	Offsite Meeting/Travel Expense	\$ -
60191	In House Meetings	\$ -
60192	Conference Expense	\$ 350
60193	Car, Repair, Maintenance	\$ -
60200	Dues	\$ 24,019
60202	Subscriptions	\$ -
60203	Contributions	\$ 10,000
60210	Bank Charges	\$ -
6211	Shipping/Postage	\$ 1,121
60212	Office Supplies	\$ 11,323
60213	Offsite Storage	\$ 4,238
48000	Commission Fees	\$ 9,240
60221	Commission Mileage Reimb.	\$ -
60222	Other Commission Expense	\$ -
60230	Other Expense	\$ 50
60240	Building Lease	\$ 1,337
81010	Retiree Medical Expense	\$ 30,378
80001	Insurance Expense	\$ 16,088
80000	Building Repair/Replacement Reserve	\$ 100,000
80000	Fixed Assets	\$ -

**Total Costs**      \$      950,936

Direct Costs Paid by Projects	\$ 761,690
Member Contribution Offset	\$ 112,500
	\$ 874,190

Over (Under) Allocation %	-9.2%
Over (Under) Allocation of General Fund Costs	\$ (76,746)



## BENEFITS SUMMARY

*(Distributed based on Actual Labor)*

<u>G/L Acct</u>	<u>Description</u>		<u>Budget</u>		<u>Actual @ 9/30/20</u>		<u>Projected FYE 2021</u>
70101	FICA Expense	\$	212,968	\$	37,811	\$	151,243
70102	Medicare Expense	\$	61,259	\$	11,006	\$	44,025
70103	State Unemployment Insurance	\$	5,145	\$	205	\$	819
70104	Worker's Compensation Insurance	\$	46,882	\$	12,157	\$	48,626
70105	State Disability Insurance	\$	30,129	\$	5,397	\$	21,589
70106	PERS Pension Plan	\$	766,791	\$	147,319	\$	589,276
70111	Medical Expense	\$	630,327	\$	107,810	\$	431,240
70112	Dental Expense	\$	37,907	\$	6,382	\$	25,528
70113	Vision Insurance	\$	9,015	\$	1,775	\$	7,098
70114	Life Insurance Expense	\$	16,462	\$	3,527	\$	14,106
70115	Long Term Disability	\$	19,243	\$	3,982	\$	15,928
70116	Wellness Program Expense	\$	3,500	\$	238	\$	952
70120	Car Allowance	\$	51,000	\$	11,250	\$	45,000
	<b>Total Benefits</b>	\$	1,890,627	\$	348,858	\$	1,395,431
	<b>Total Payroll</b>	\$	4,173,739	\$	1,031,919	\$	4,127,674
	<b>Benefits Rate</b>		45.3%		33.8%		33.8%

Santa Ana Watershed Project Authority  
 Labor Hours Budget vs Actual  
 Month Ending September 30, 2020

	Fund	Budget	Actual	%
100	General Fund	25,990	5,695	21.91%
135	Prop 84 - Round I Program Mgmt	305	78	25.49%
140	Prop 84 - Drought Program Mgmt	-	128	0.00%
145	Prop 84 - 2015 Program Mgmt	2,309	185	7.99%
150	Prop1 - Program Management	-	139	0.00%
240	Brine Line Enterprise	21,975	5,228	23.79%
320	Brine Line Protection	685	292	42.63%
327	Reach IV-D Corrosion Repairs	320		0.00%
370-01	Basin Planning General	1,545	493	31.91%
370-02	USBR Partnership Studies	81	9	10.49%
373	Watershed Management (OWOW)	1,790	359	20.06%
374	Basin Monitoring Program TF	410	133	32.50%
381	SAR Fish Conservation	210	94	44.76%
384-01	MSAR TMDL TF	160	42	25.94%
386MONIT	RWQ Monitoring TF	155	28	18.23%
387	Arundo Removal & Habitat Restoration	220	54	24.66%
392	Emerging Constituents TF	45	27	60.00%
398ADMIN	Prop 1 - DACI	4,140	393	9.48%
477-02	LESJWA - Administration	310	96	30.89%
477TMDL	LESJWA - TMDL Task Force	580	192	33.06%
504-401IMPLE	Prop 84 - Final Round Implementation	375	20	5.33%
504-401PA23	Prop 84 - Final Round PA23 Admin	740	74	10.03%
504-402RATES	Prop 84 - Final Round Water Rates	305	13	0.00%
504-402SMART	Prop 84 - Final Round SmartScape	390		0.00%
		63,040	13,769	21.84%


Note: Should be at 25% of budget for 3 months

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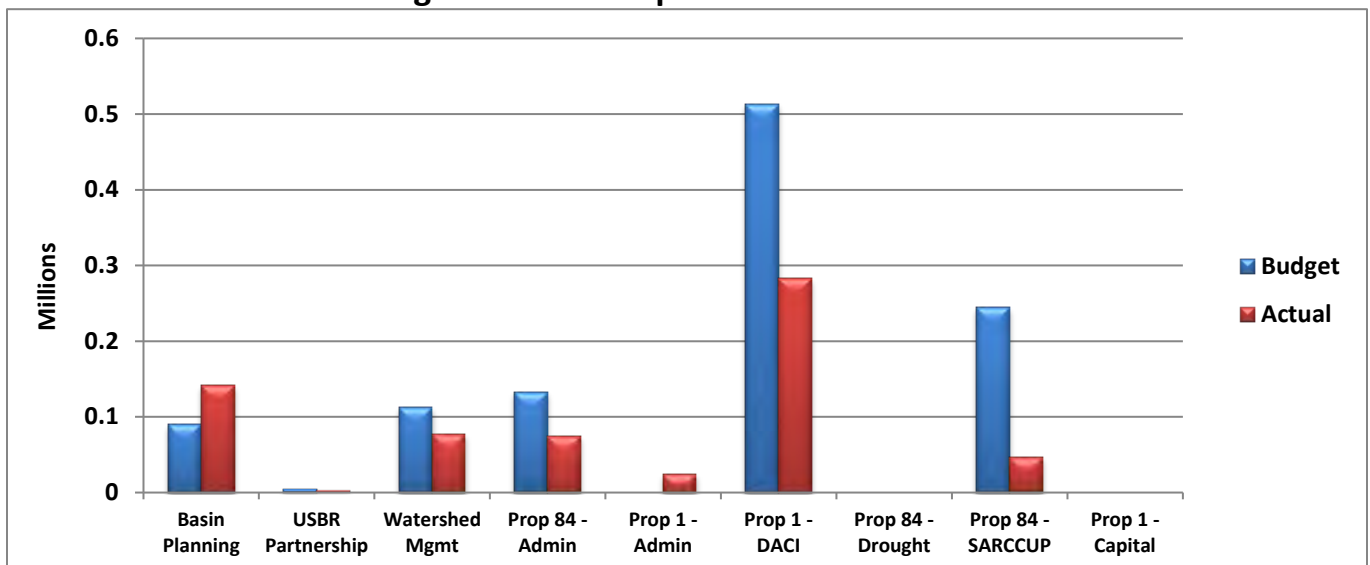
**Santa Ana Watershed Project Authority  
PA25 - OWOW Fund - Financial Report  
September 2020**

*Staff comments provided on the last page are an integral part of this report.*

<b>Overview</b>	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through September 2020 unless otherwise noted.
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<b>Budget to Actual Expenses - OWOW</b>				 <b>Favorable</b>
	<b>Annual Budget</b>	<b>FYTD Budget</b>	<b>FYTD Actual</b>	<b>Favorable (Unfavorable) Variance</b>
Basin Planning General	\$460,814	\$90,204	\$141,285	(\$51,081)
USBR Partnership Studies	69,455	4,864	2,441	2,423
Watershed Mgmt. (OWOW)	449,871	112,468	77,128	35,340
Prop 84 - Administration	530,869	132,717	75,035	57,682
Prop 1 – Administration	-	-	24,259	(24,259)
Prop 1 – DACI	2,054,180	513,545	282,889	230,656
Prop 84 – Drought Projects	-	-	-	-
Prop 84 – SARCCUP & Other	979,142	244,786	46,655	198,131
Prop 1 – Capital Projects	580,266	-	-	-
<b>Total</b>	<b>\$5,124,596</b>	<b>\$1,098,584</b>	<b>\$649,692</b>	<b>\$448,892</b>

**Budget to Actual Expenses - OWOW**



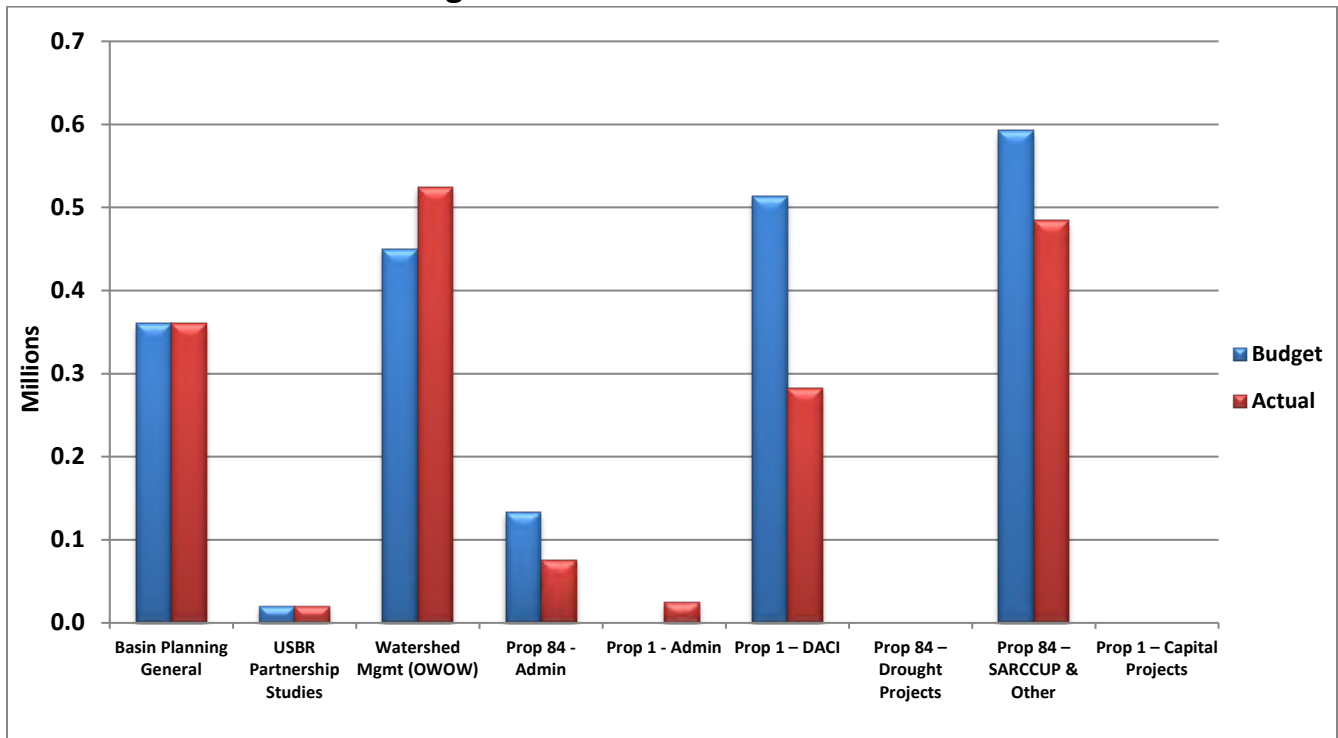
## Budget to Actual Revenues - OWOW



**Concern**

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$460,000	\$360,000	\$360,740	\$740
USBR Partnership Studies	70,000	20,000	20,117	117
Watershed Mgmt. (OWOW)	450,000	450,000	524,563	74,563
Prop 84 - Administration	530,869	132,717	75,034	(57,683)
Prop 1 – Administration	-	-	24,259	24,259
Prop 1 – DACI	2,054,180	513,545	282,889	(230,656)
Prop 84 – Drought Projects	-	-	-	-
Prop 84 – SARCCUP & Other	979,142	592,255	484,387	(107,868)
Prop 1 – Capital Projects	642,668	-	-	-
<b>Total</b>	<b>\$5,186,858</b>	<b>\$2,068,517</b>	<b>\$1,771,989</b>	<b>(\$296,528)</b>

### Budget to Actual Revenues - OWOW









## Reserve Fund Balance - September

	Amount
Basin Planning General	\$433,299
USBR Partnership Studies	64,458
Watershed Management (OWOW)	666,912
Proposition 84 – SARCCUP & Other	719,233
<b>Total Reserves</b>	<b>\$1,883,902</b>

### Legend

#### Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

## Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.


- 1) Total revenues are 14% below budget. Since this is the first quarter of the FYE 2021 Budget, projects tend to start out slowly. It is anticipated that all projects will be on track with the budget at the end of the fiscal year.

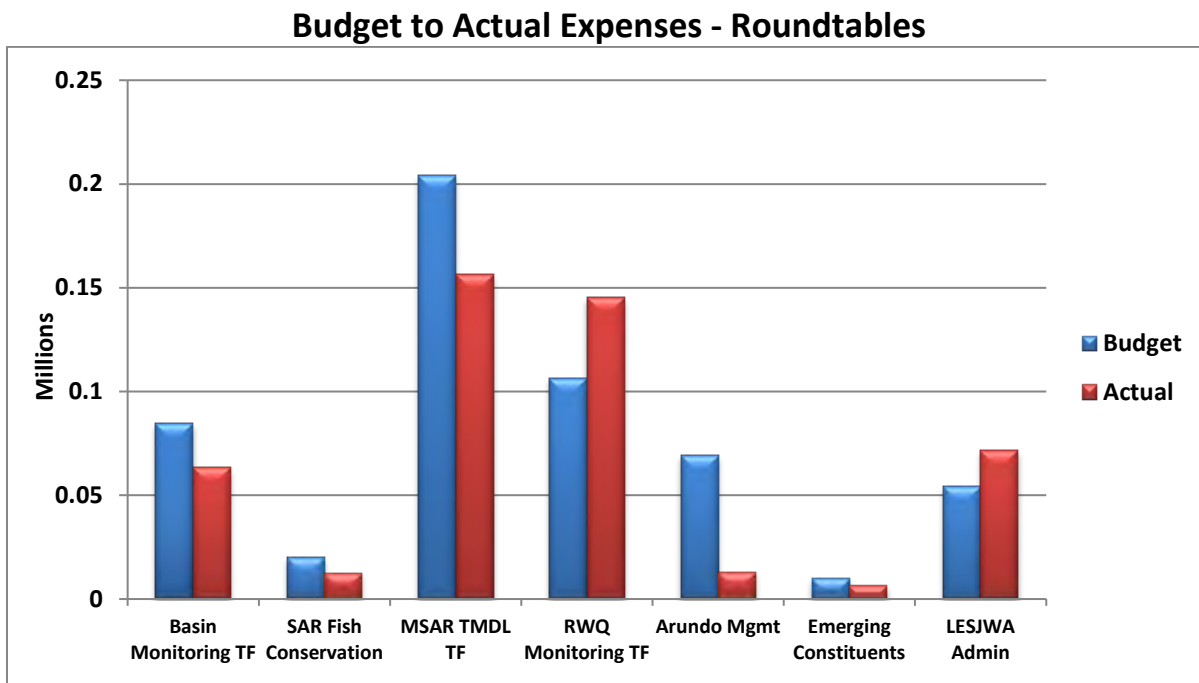
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**Santa Ana Watershed Project Authority  
PA26 - Roundtable Fund - Financial Report  
September 2020**

*Staff comments provided on the last page are an integral part of this report.*

<b>Overview</b>	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through September 2020 unless otherwise noted.
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<b>Budget to Actual Expenses - Roundtables</b>				 <b>On Track</b>
	<b>Annual Budget</b>	<b>FYTD Budget</b>	<b>FYTD Actual</b>	<b>Favorable (Unfavorable) Variance</b>
Basin Monitoring TF	\$339,272	\$84,818	\$63,491	\$21,327
SAR Fish Conservation	80,137	20,034	12,511	7,523
MSAR TMDL TF	417,267	204,067	156,417	47,650
RWQ Monitoring TF	426,489	106,622	145,190	(38,568)
Arundo Mgmt.	277,527	69,382	13,121	56,261
Emerging Constituents	40,297	10,074	6,487	3,587
LESJWA Admin	216,881	54,220	71,704	(17,484)
<b>Total</b>	<b>\$1,797,871</b>	<b>\$549,217</b>	<b>\$468,921</b>	<b>\$80,296</b>



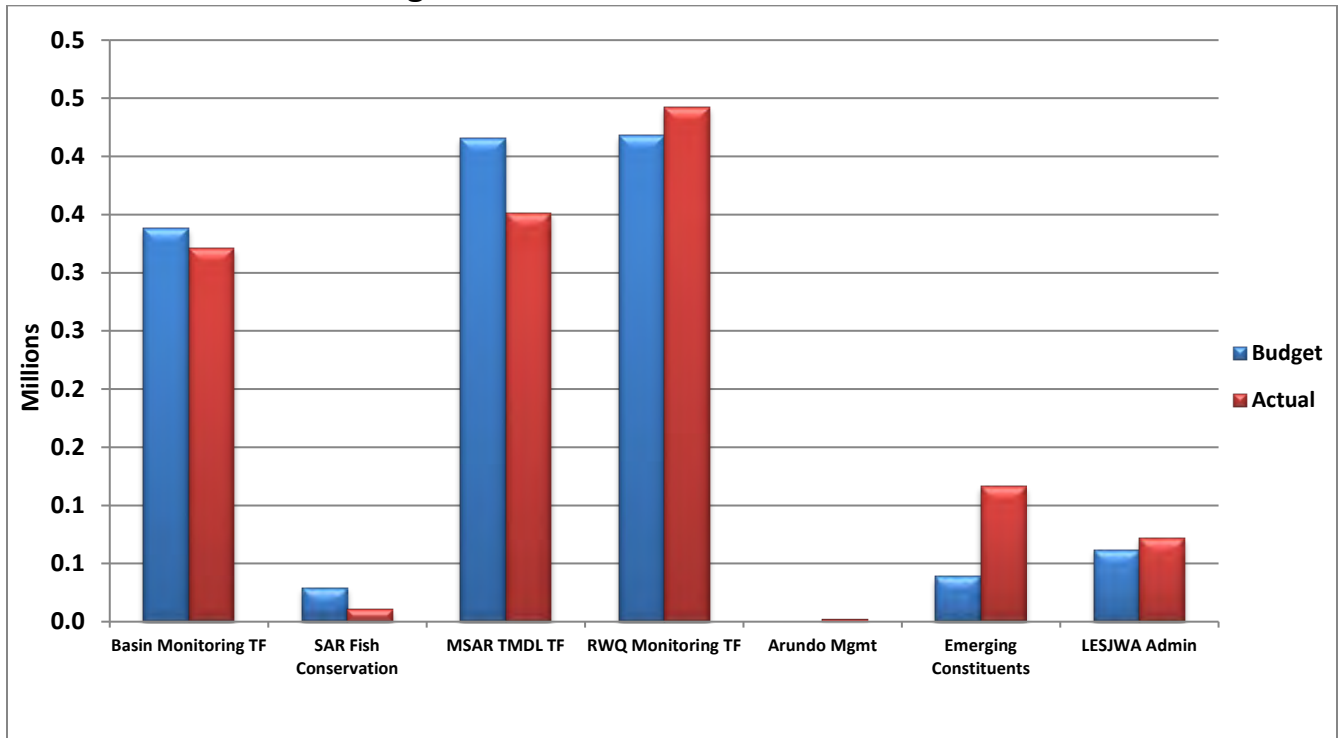
## Budget to Actual Revenues - Roundtables



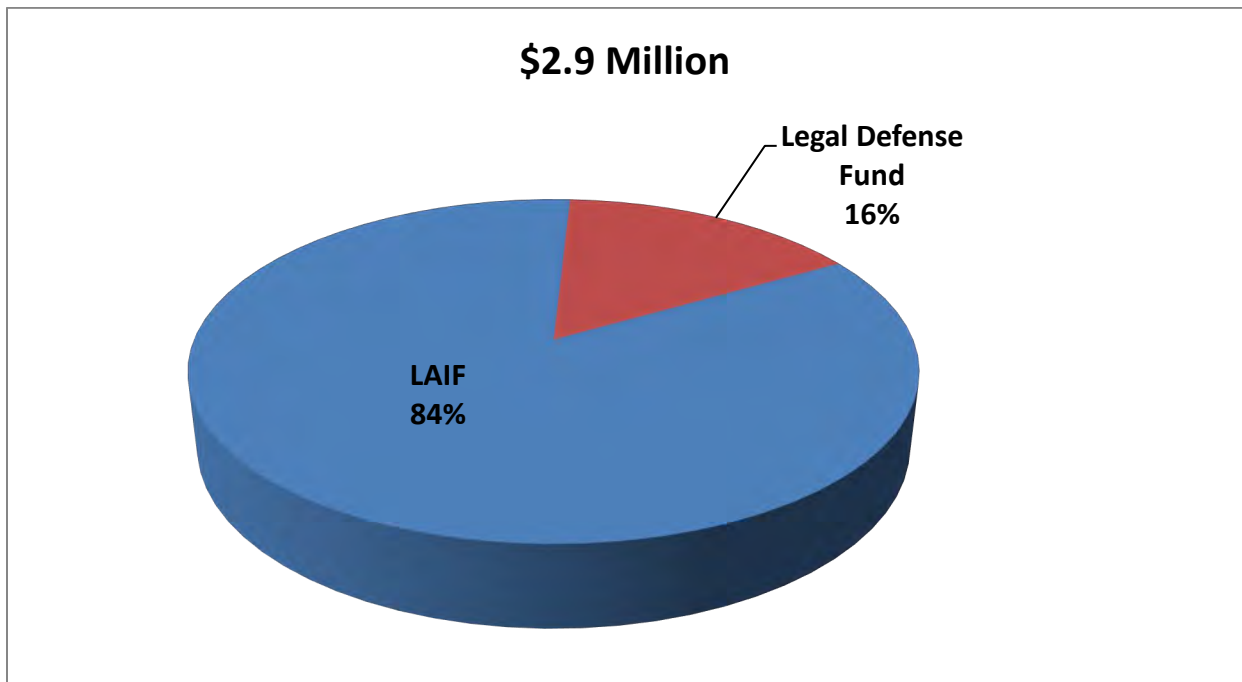
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$338,000	\$338,000	\$320,643	(\$17,357)
SAR Fish Conservation	29,000	29,000	10,264	(18,736)
MSAR TMDL TF	416,000	416,000	351,613	(64,387)
RWQ Monitoring TF	418,000	418,000	442,351	24,351
Arundo Mgmt.	-	-	1,974	1,974
Emerging Constituents	38,711	38,711	116,511	77,800
LESJWA Admin	216,881	61,720	71,704	9,984
<b>Total</b>	<b>\$1,456,592</b>	<b>\$1,301,431</b>	<b>\$1,315,060</b>	<b>\$13,629</b>

## Budget to Actual Revenues - Roundtables



## Total Cash & Investments - September







## Reserve Fund Balance - September

	Amount
Basin Monitoring Task Force	\$403,581
SAR Fish Conservation	125,921
Middle SAR TMDL Task Force	334,538
Regional Water Quality Monitoring Task Force	592,729
Arundo Management & Habitat	948,774
Emerging Constituents Task Force	78,984
Legal Defense Fund	466,361
<b>Total Reserves</b>	<b>\$2,950,888</b>

## Legend

### Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

## Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

- 1) Both expenses and revenues are on track with the budget.

## COMMISSION MEMORANDUM NO. 2020.78

**DATE:** December 1, 2020

**TO:** SAWPA Commission

**SUBJECT:** Budget vs. Actual Variance Report  
FYE 2021 First Quarter – September 30, 2020

**PREPARED BY:** Karen Williams, DGM/CFO

### RECOMMENDATION

It is recommended that the Commission receive and file the informational report on FYE 2021 First 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 2021 Budget vs. Actual Variance Report through September 30, 2020. The Agency's net revenue was \$2,071,370, which was \$2,350,387 more favorable than budgeted. Several significant items comprise the majority of this favorable variance:

Operating Revenue was \$144,325 less than budgeted. This unfavorable variance is due to lower BOD and TSS charges than budgeted.

Operating Expense was \$1,218,059 less than budgeted. This favorable variance is due to a not having received invoices for Proposition 1 and 84 projects, lower Brine Line operating costs, and not having started construction on CIP projects.

Non-Operating Revenue/Expense was \$200,418 less than budgeted. This unfavorable variance is due to not having received invoices for Proposition 1 and 84 projects and not having started construction on CIP projects.

#### Favorable Revenue Variances

Listed below are explanations of favorable variances of \$150,000 or more for individual revenue categories:

Other Income – The 629% variance of \$325,111 is due to receiving funding from City of Beaumont for maintenance access structure improvements needed to accommodate their flow into the Brine Line.

#### Unfavorable Revenue Variances

Listed below are explanations of unfavorable variances of \$150,000 or more for individual revenue categories:

Grant Proceeds – The 48% variance of \$371,948 is due to the delay of receiving invoices for Proposition 1 and 84 projects from the project proponents.

Use of Reserves – The 50% variance of \$193,472 is due to the delayed start of CIP Projects. Contractors were hired in late summer and construction will begin in the fall.

**Favorable Expense Variances**

Listed below are explanations of favorable variances of \$150,000 or more for individual expense categories:

Labor – The 15% variance of \$151,358 is due to the elimination of the Executive Counsel position and not filling the Executive Assistant and Project Manager positions.

Operating Costs – The 27% variance of \$254,969 is due to lower BOD and TSS costs as well as not performing maintenance activities until later in the year.

Program Expenses – The 100% variance of \$251,944 is due to the delay of receiving invoices for Proposition 1 and 84 projects from the project proponents.

Construction – The 74% variance of \$220,850 is due to the delayed start of CIP Projects. Contractors were hired in late summer and construction will begin in the fall.

**Unfavorable Expense Variances**

There are no unfavorable expenses variance of \$150,000 or more.

**RESOURCE IMPACTS**

None.

Attachment:

1. Variance Report



Santa Ana Watershed Project Authority  
 FYE 2021 Budget vs. Actual  
 for the Period Ending September 30, 2020

*Consolidated*

	FYE 2021 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Discharge Fees	\$12,401,418	\$3,098,833	\$2,954,508	-\$144,325	-4.66%
Total Operating Revenue	12,401,418	3,098,833	2,954,508	-144,325	-4.66%
<b>Operating Expenses</b>					
Labor	4,173,739	1,043,435	892,077	151,358	14.51%
Benefits	1,890,627	472,657	358,461	114,197	24.16%
Education & Training	62,700	15,675	7,754	7,921	50.53%
Consulting & Professional Services	3,571,535	742,884	648,098	94,786	12.76%
Operating Costs	3,801,050	950,263	695,294	254,969	26.83%
Repair & Maintenance	507,550	126,888	15,865	111,022	87.50%
Phone & Utilities	87,600	21,900	28,337	-6,437	-29.39%
Equipment & Computers	379,650	94,913	109,291	-14,378	-15.15%
Meeting & Travel	112,650	28,163	425	27,738	98.49%
Other Administrative Costs	316,453	79,113	89,959	-10,845	-13.71%
Other Expense	281,600	70,400	65,068	5,332	7.57%
Program Expenses	1,138,035	251,944	0	251,944	100.00%
Construction	1,200,000	300,000	79,150	220,850	73.62%
Operating Transfers	133,000	133,000	133,000	0	0.00%
Indirect Costs	0	0	-9,604	9,604	0.00%
Total Operating Expenses	17,656,189	4,331,233	3,113,174	1,218,059	28.12%
Net Operating Revenue / (Deficit)	-5,254,771	-1,232,400	-158,666	-1,362,384	110.55%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	1,530,340	1,530,340	1,530,340	0	0.00%
Participant Fees	1,881,337	1,560,003	1,633,121	73,118	4.69%
Grant Proceeds	3,572,232	775,225	403,277	-371,948	-47.98%
Debt Service	-2,835,027	-1,126,577	-1,126,278	299	0.03%
Interest & Investments	675,000	168,750	121,145	-47,605	-28.21%
Other Income	206,881	51,720	376,832	325,111	628.60%
Contributions to Reserves	-3,897,064	-1,049,266	-1,035,188	14,078	1.34%
Operating Transfers	133,000	133,000	133,000	0	0.00%
Use of Reserves	3,709,056	387,258	193,786	-193,472	-49.96%
Net Non-Operating Revenue / (Deficit)	4,975,754	2,430,453	2,230,036	-200,418	-8.25%
Net Revenue / (Deficit)	-\$279,017	\$1,198,053	\$2,071,370	\$2,350,387	

Santa Ana Watershed Project Authority  
 FYE 2021 Budget vs. Actual  
 for the Period Ending September 30, 2020

*General Fund*

	FYE 2021 Budget	3-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	1,814,837	453,709	386,978	66,731	14.71%
Benefits	822,088	205,522	129,651	75,871	36.92%
Education & Training	50,200	12,550	7,754	4,796	38.21%
Consulting & Professional Services	429,000	107,250	93,509	13,741	12.81%
Operating Costs	6,550	1,638	1,056	582	35.51%
Repair & Maintenance	122,550	30,638	13,405	17,232	56.24%
Phone & Utilities	75,900	18,975	25,493	-6,518	-34.35%
Equipment & Computers	212,650	53,163	73,235	-20,072	-37.76%
Meeting & Travel	77,000	19,250	350	18,900	98.18%
Other Administrative Costs	209,603	52,401	60,623	-8,222	-15.69%
Other Expense	139,250	34,813	17,880	16,933	48.64%
Indirect Costs	-3,557,110	-889,278	-771,294	-117,984	13.27%
Total Operating Expenses	402,516	100,630	38,640	61,990	61.60%
Net Operating Revenue / (Deficit)	-402,516	-100,630	-38,640	-61,990	61.60%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	680,340	680,340	680,340	0	0.00%
Interest & Investments	0	0	6,119	6,119	100.00%
Other Income	0	0	468	468	100.00%
Building Reserve	-100,000	-100,000	-100,000	0	0.00%
Retiree Medical Reserve	-177,823	-44,456	-30,378	14,078	31.67%
Net Non-Operating Revenue / (Deficit)	402,516	535,884	556,550	20,666	3.86%
Net Revenue / (Deficit)	\$0	\$435,255	\$517,910	\$517,910	

Santa Ana Watershed Project Authority  
 FYE 2021 Budget vs. Actual  
 for the Period Ending September 30, 2020

*Brine Line Enterprise Fund*

	FYE 2021 Budget	3-Month Budget	YTD Actual	Favorable (Unfavorable) Variance	
<b>Operating Revenue</b>					
Discharge Fees	\$12,401,418	\$3,098,833	\$2,954,508	\$144,325	4.66%
Total Operating Revenue	12,401,418	3,098,833	2,954,508	144,325	4.66%
<b>Operating Expenses</b>					
Labor	1,320,100	330,025	314,825	15,200	4.61%
Benefits	597,981	149,495	142,616	6,879	4.60%
Education & Training	12,500	3,125	0	3,125	100.00%
Consulting & Professional Services	280,000	70,000	28,417	41,583	59.40%
Operating Costs	3,792,500	948,125	693,881	254,244	26.82%
Repair & Maintenance	385,000	96,250	2,460	93,790	97.44%
Phone & Utilities	11,700	2,925	2,844	81	2.77%
Equipment & Computers	161,500	40,375	36,056	4,319	10.70%
Meeting & Travel	10,000	2,500	0	2,500	100.00%
Other Administrative Costs	77,900	19,475	19,286	189	0.97%
Other Expense	142,350	35,588	46,993	-11,406	-32.05%
Indirect Costs	1,990,646	497,662	474,757	22,905	4.60%
Total Operating Expenses	8,782,177	2,195,545	1,762,135	433,409	19.74%
Net Operating Revenue / (Deficit)	3,619,241	903,288	1,192,373	-289,085	-32.00%
<b>Non-Operating Revenue (Expense)</b>					
Interest & Investments	675,000	168,750	109,079	-59,671	-35.36%
Other Income	0	0	314,660	314,660	100.00%
Debt Service	-2,835,027	-1,126,577	-1,126,278	299	0.03%
Use of Reserves	2,160,027	0	0	0	0.00%
Contributions to Reserves	-3,619,241	-904,810	-904,810	0	0.00%
Net Non-Operating Revenue / (Deficit)	-3,619,241	-1,862,637	-1,607,349	255,288	-13.71%
Net Revenue / (Deficit)	\$0	-\$959,350	-\$414,976	-\$414,976	

Santa Ana Watershed Project Authority  
 FYE 2021 Budget vs. Actual  
 for the Period Ending September 30, 2020

*OWOW Fund*

	FYE 2021 Budget	3-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	795,748	198,937	124,273	74,664	37.53%
Benefits	360,459	90,115	56,295	33,819	37.53%
Consulting & Professional Services	1,740,505	285,126	281,451	3,676	1.29%
Equipment & Computers	500	125	0	125	100.00%
Meeting & Travel	24,100	6,025	75	5,950	98.76%
Other Administrative Costs	15,300	3,825	0	3,825	100.00%
Other Expense	0	0	195	-195	-100.00%
Program Expenses	988,035	214,444	0	214,444	100.00%
Indirect Costs	1,199,949	299,987	187,403	112,584	37.53%
Total Operating Expenses	5,124,596	1,098,584	649,692	448,892	40.86%
Net Operating Revenue / (Deficit)	-5,124,596	-1,098,584	-649,692	-448,892	40.86%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	830,000	830,000	830,000	0	0.00%
Participant Fees	784,626	463,292	536,882	73,590	15.88%
Grant Proceeds	3,572,232	775,225	403,277	-371,948	-47.98%
Interest & Investments	0	0	1,830	1,830	100.00%
Net Non-Operating Revenue / (Deficit)	5,186,858	2,068,517	1,771,989	-296,527	-14.34%
Net Revenue / (Deficit)	<u>\$62,262</u>	<u>\$969,933</u>	<u>\$1,122,297</u>	<u>\$1,060,035</u>	
Project Reimbursement (Prop 84 Capital)	\$15,380,781	\$3,845,195	\$0	\$15,380,781	

Santa Ana Watershed Project Authority  
 FYE 2021 Budget vs. Actual  
 for the Period Ending September 30, 2020

*Roundtables Fund*

	FYE 2021 Budget	3-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	158,781	39,695	41,970	-2,275	-5.73%
Benefits	71,926	17,982	19,012	-1,031	-5.73%
Consulting & Professional Services	1,027,030	256,758	201,599	55,159	21.48%
Equipment & Computers	5,000	1,250	0	1,250	100.00%
Meeting & Travel	1,550	388	0	388	100.00%
Other Administrative Costs	11,150	2,788	10,050	-7,263	-260.54%
Program Expenses	150,000	37,500	0	37,500	100.00%
Operating Transfer	133,000	133,000	133,000	0	0.00%
Indirect Costs	239,434	59,859	63,291	-3,432	-5.73%
Total Operating Expenses	1,797,871	549,217	468,921	80,296	14.62%
Net Operating Revenue / (Deficit)	-1,797,871	-549,217	-468,921	-80,296	14.62%
<b>Non-Operating Revenue (Expense)</b>					
Member Agency Contributions	20,000	20,000	20,000	0	0.00%
Participant Fees	1,096,711	1,096,711	1,096,239	-472	-0.04%
Other Income	206,881	51,720	61,704	9,983	19.30%
Operating Transfer	133,000	133,000	133,000	0	0.00%
Interest & Investments	0	0	4,117	4,117	100.00%
Net Non-Operating Revenue / (Deficit)	1,456,592	1,301,431	1,315,060	13,628	1.05%
Net Revenue / (Deficit)	-\$341,279	\$752,215	\$846,139	\$1,187,418	

Santa Ana Watershed Project Authority  
 FYE 2021 Budget vs. Actual  
 for the Period Ending September 30, 2020

*Capital Projects Fund*

	FYE 2021 Budget	3-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	84,274	21,069	24,031	-2,963	-14.06%
Benefits	38,175	9,544	10,886	-1,342	-14.07%
Consulting & Professional Services	95,000	23,750	43,122	-19,372	-81.57%
Operating Costs	2,000	500	357	143	28.64%
Other Administrative Costs	2,500	625	0	625	100.00%
Construction	1,200,000	300,000	79,150	220,850	73.62%
Indirect Costs	127,081	31,770	36,239	-4,469	-14.07%
Total Operating Expenses	1,549,029	387,258	193,786	193,472	49.96%
Net Operating Revenue / (Deficit)	-1,549,029	-387,258	-193,786	-193,472	49.96%
<b>Non-Operating Revenue (Expense)</b>					
Use of Reserves	1,549,029	387,258	193,786	-193,472	-49.96%
Net Non-Operating Revenue / (Deficit)	1,549,029	387,258	193,786	-193,472	-49.96%
Net Revenue / (Deficit)	\$0	\$0	\$0	\$0	



## Santa Ana Watershed Project Authority

Financial Report for the Inland Empire Brine Line  
Enterprise/CIP for the 1st Quarter Ending  
September 30, 2020

1

## Agenda

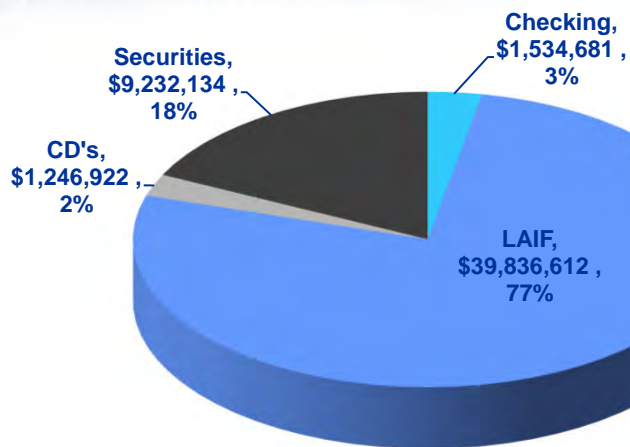
- Cash & Investments
- Reserve Account Balances
- Transfer, Uses & Contributions from/to Reserves
- Enterprise Revenues
- Enterprise Expenses
- Enterprise Performance
- Capital Improvement Program

2



## Cash & Investments

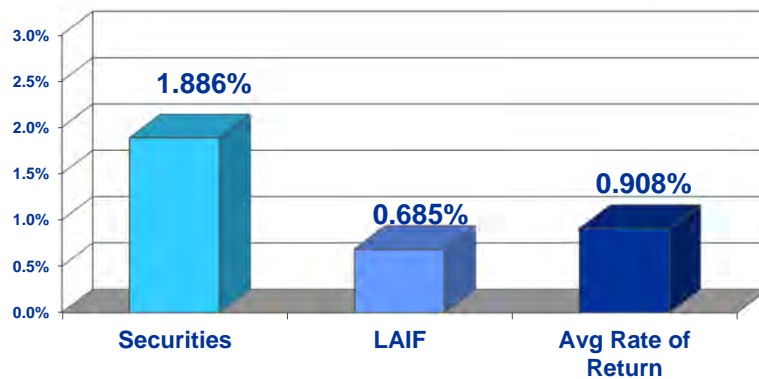
**\$51,850,350**



3

## Cash & Investments

### Interest Rate Analysis



4



## Reserve Account Balances

Reserve Account	Balance
Self Insurance	\$4,395,735
Debt Retirement	3,077,709
Pipeline Replacement	21,549,970
OCSD Rehabilitation	3,719,181
Capacity Management	11,910,170
OCSD Future Capacity	1,823,486
Flow Imbalance Reserve	83,234
Rate Stabilization Reserve	1,021,832
Operating Reserve	4,269,033
<b>Total Reserves</b>	<b>\$51,850,350</b>

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## Reserve Account Balances Trends

Reserve	Balance @ 12/31/19	Balance @ 03/31/20	Balance @ 06/30/20	Balance @ 09/30/20
Self Insurance	\$4,262,989	\$4,311,780	\$4,355,708	\$4,395,735
Debt Retirement	3,533,281	3,317,311	3,765,194	3,077,709
Pipeline Replacement	21,748,650	22,125,566	21,146,193	21,549,970
OCSD Rehabilitation	3,669,572	3,690,111	3,706,357	3,719,181
Capacity Mgmt	11,751,304	11,817,079	11,869,104	11,910,170
OCSD Future Capacity	1,799,163	1,809,234	1,817,199	1,823,486
Flow Imbalance Reserve	86,957	87,444	83,913	83,234
Rate Stabilization Reserve	1,008,202	1,013,845	1,018,308	1,021,832
Operating Reserve	4,178,747	3,779,138	3,856,386	4,269,033
<b>Total</b>	<b>\$52,038,865</b>	<b>\$51,951,508</b>	<b>\$51,618,362</b>	<b>\$51,850,350</b>

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## Transfers, Use and Contributions To/From Reserves

- **Pipeline Replacement Reserve**
  - Contribution of \$452,623
  - Use of \$76,629 Fund 320 Brine Line Protection
- **Self Insurance Reserve**
  - Contribution of \$25,000
- **Debt Service Reserve**
  - Contribution of \$427,187
  - Use of \$1,126,278

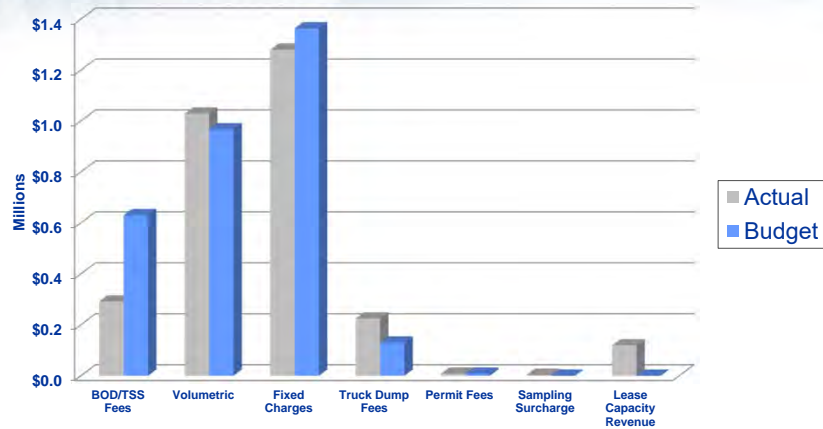
## Total Operating Revenues

Source	Actual	Budget	Variance Positive/(Negative)
BOD/TSS Fees	\$291,401	\$630,175	(\$338,774)
Volumetric Fees	1,028,730	967,100	61,630
Fixed Charges	1,279,632	1,363,308	(83,676)
Truck Discharge	224,341	130,250	94,091
Permit Fees	8,000	8,000	0
Sampling Surcharge	3,368	0	3,368
Lease Capacity Revenue	119,036	0	119,036
<b>Total Operating Revenues</b>	<b>\$2,954,508</b>	<b>\$3,098,833</b>	<b>(\$144,325)</b>



## Operating Revenues vs. Budget

Budget vs. Actual



9

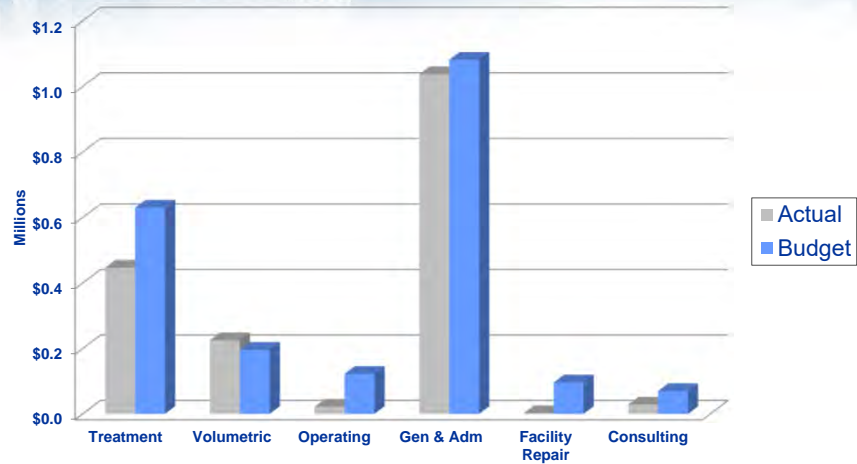
## Total Operating Expenses

Source	Actual	Budget	Variance Positive/(Negative)
Treatment Costs	(\$446,808)	(\$630,175)	\$183,367
Volumetric Costs	(225,038)	(195,700)	(29,338)
Operating Costs	(22,035)	(122,250)	100,215
General & Administration	(1,037,377)	(1,081,170)	43,793
Facility Repair & Maintenance	(2,460)	(96,250)	93,790
Consulting & Prof. Services	(28,417)	(70,000)	41,583
<b>Total Operating Expenses</b>	<b>(\$1,762,135)</b>	<b>(\$2,195,545)</b>	<b>\$433,410</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)	\$0	\$0	\$0
Interest & Investments	109,079	168,750	(59,671)
Other Income	314,660	0	314,660
Debt Service Payments	(1,126,278)	(1,126,577)	299
Contributions to Reserves	(904,810)	(904,810)	0
<b>Total Non-Operating</b>	<b>(\$1,607,349)</b>	<b>(\$1,862,637)</b>	<b>\$255,288</b>

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## Enterprise Performance

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

	SAWPA Billed	OCSD Billing	Difference
Total Flow (MG)	1,059.4294	1,055.030	4.3994
Total BOD (1,000 lbs)	243.9336	272.767	(28.8334)
Total TSS (1,000 lbs)	678.3837	809.503	(131.1193)
Flow - Pass through per MG	\$206.00	\$213.30	(\$7.30)
BOD cost per 1,000 lbs	\$316.00	\$304.47	\$11.53
TSS cost per 1,000 lbs	\$442.00	\$449.36	(\$7.36)

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## Enterprise Performance

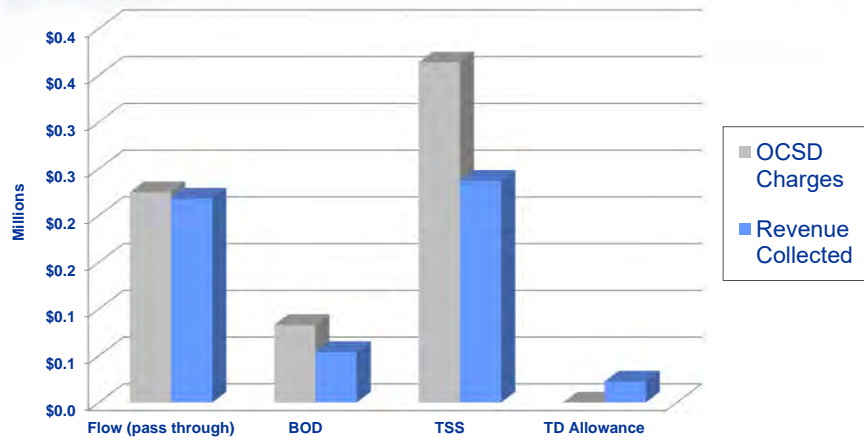
### OCSD Flow, BOD & TSS Charges vs. Revenue Billed

	Revenue Billed	OCSD Charges	Difference
Flow (pass through)	\$218,242	\$225,038	(\$6,796)
BOD	54,108	83,050	(28,942)
TSS	237,293	363,758	(126,465)
TD Allowance	22,425	0	22,425
<b>Total</b>	<b>\$532,068</b>	<b>\$671,846</b>	<b>(\$139,778)</b>

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## Enterprise Performance

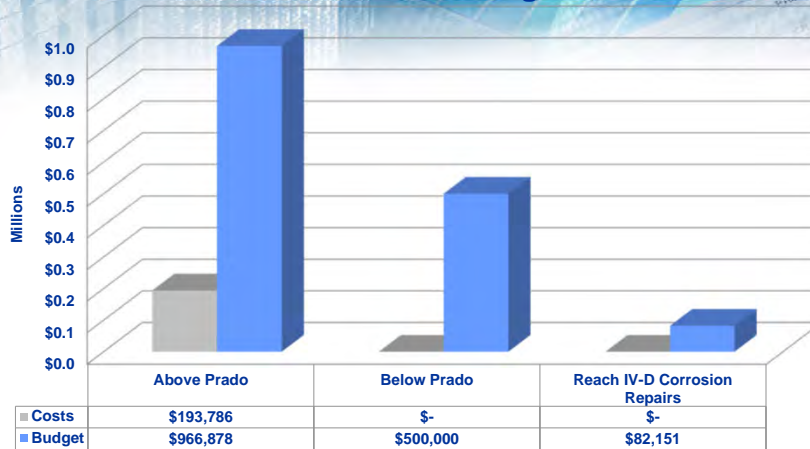
### OCSD Flow, BOD & TSS Charges vs. Revenue Collected



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## 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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Questions ?

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**Santa Ana Watershed  
Project Authority**

**Financial Report for the 1st Quarter  
Ending September 30, 2020**

1

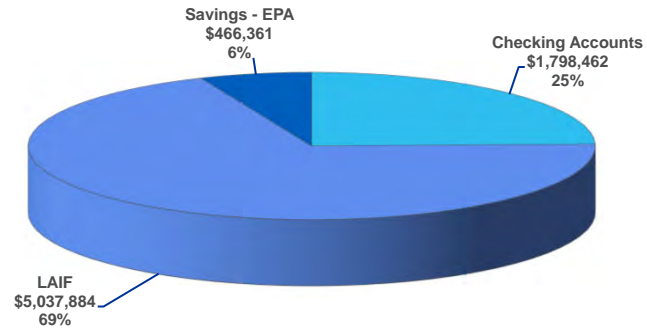
**Agenda**

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

2

## Cash & Investments

**\$7,302,707**



3

## Cash & Investments

### Total by Fund

General Fund	\$2,467,917
OWOW Fund	1,883,902
Roundtable Fund	2,484,527
Fiduciary Fund	466,361
<b>Total</b>	<b>\$7,302,707</b>

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## Cash & Investments

### General Funds

Fund	Checking (Cash)	LAIF Account	Total
General Fund	\$1,798,462	0	\$1,798,462
Building Reserve	0	669,455	669,455
<b>Total</b>	<b>\$1,798,462</b>	<b>\$669,455</b>	<b>\$2,467,917</b>

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## Cash & Investments

### OWOW Funds

Fund	LAIF Account
General Basin Planning	\$433,299
USBR Partnership Studies	64,458
Watershed Mgmt Plan	666,912
Prop 84 SARCCUP Projects	719,233
<b>Total</b>	<b>\$1,883,902</b>

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## Cash & Investments

### Roundtable Funds

Fund	LAIF Account
Basin Monitoring	\$403,581
RWQ Monitoring TF	592,729
SAR Fish Conservation	125,921
Middle SAR TMDL TF	334,538
Emerging Constituents TF	78,984
Mitigation Banking	948,774
<b>Total</b>	<b>\$2,484,527</b>

## Cash & Investments

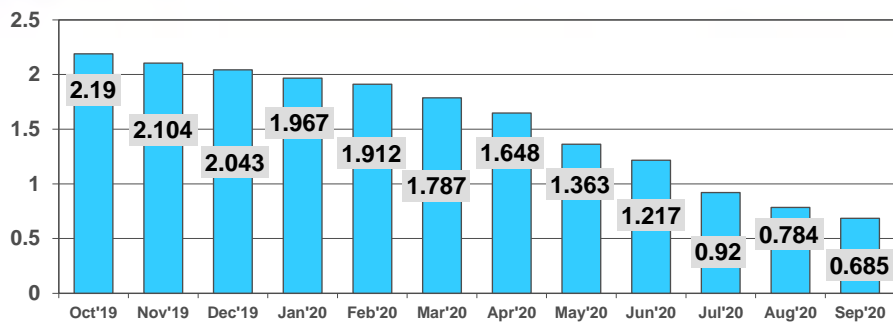
### Fiduciary Funds

Fund	Savings EPA
Legal Defense Fund	\$466,361
<b>Total</b>	<b>\$466,361</b>



## Cash & Investments

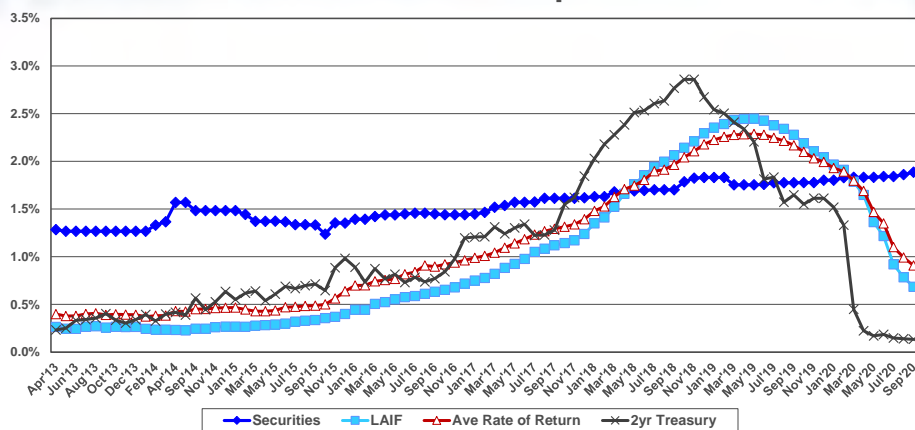
### LAIF Interest Rates



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## Cash & Investments

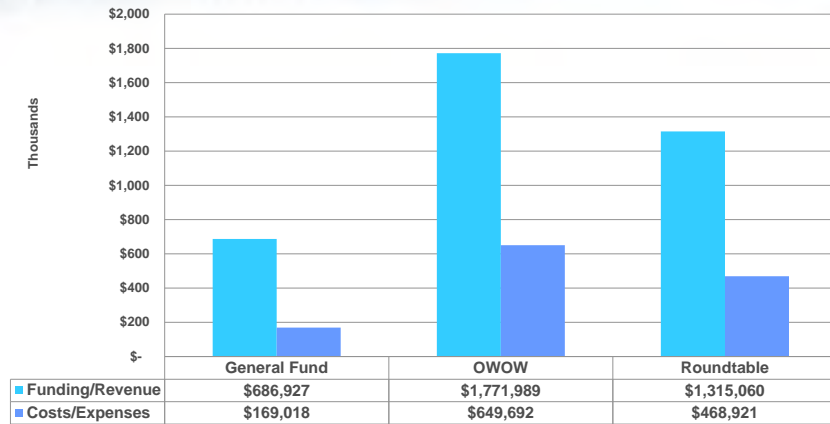
### Interest Rate Comparison



10

## Analysis by Fund Type

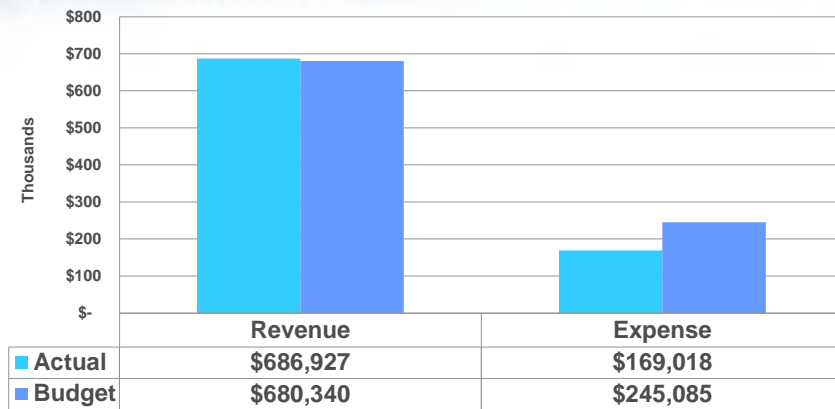
### Revenues and Expenses



11

## General Fund

### Budget vs. Actual

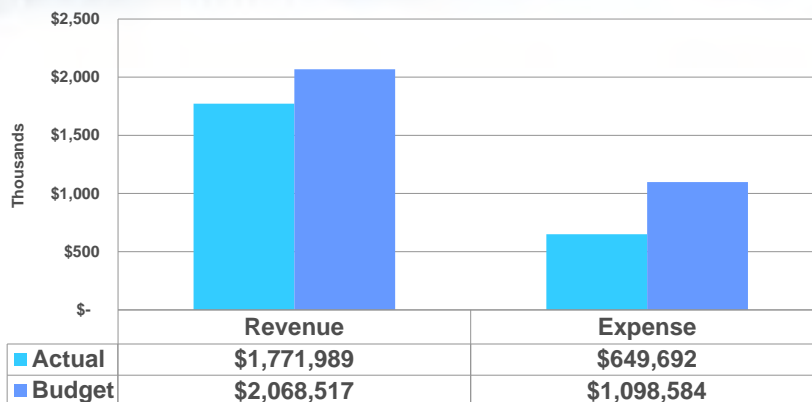


12



## OWOW Funds

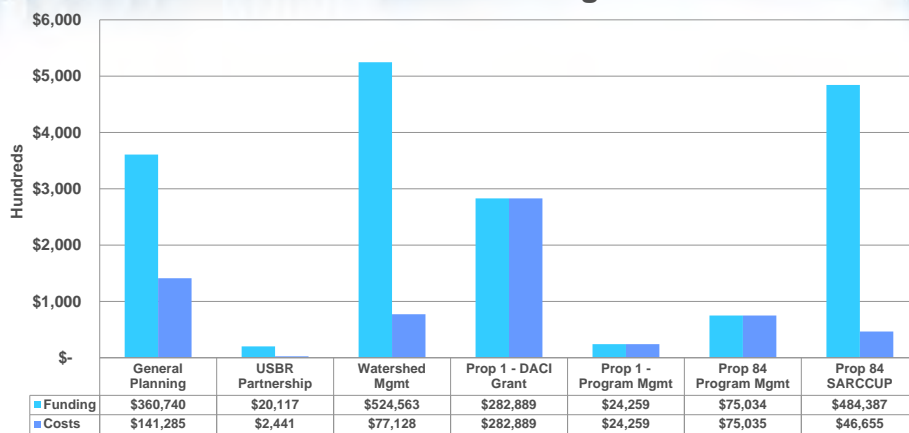
### Budget vs. Actual



13

## OWOW Funds

### Costs vs. Funding

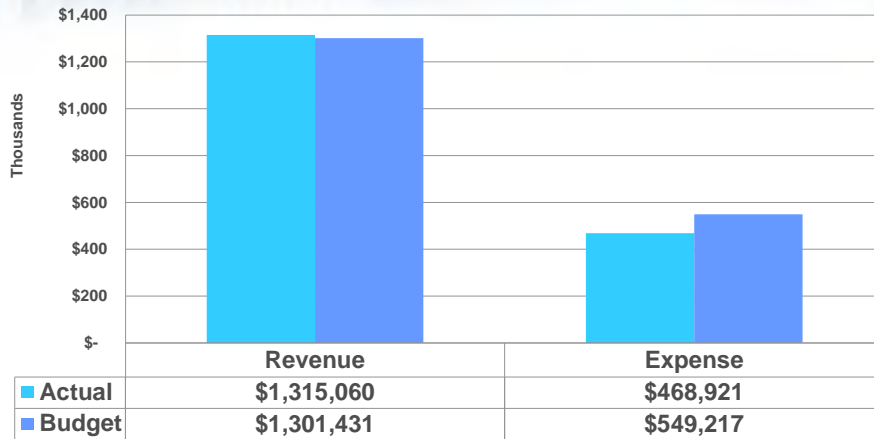


14



## Roundtable Funds

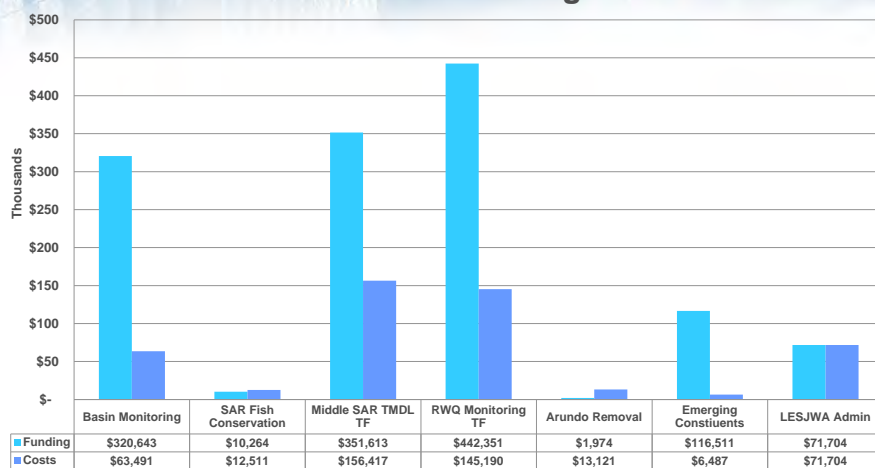
### Budget vs. Actual



15

## Roundtable Funds

### Costs vs. Funding



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Santa Ana Watershed Project Authority

Staff - Expense Report

1st Quarter FYE 2021

Sum of Amount			Expn Type	
Staff	Posting Date	Activity	Registration	Grand Total
Norton	07/31/2020	ACWA Virtual Conference	350.00	350.00
<b>Norton Total</b>			<b>350.00</b>	<b>350.00</b>
<b>Grand Total</b>			<b>350.00</b>	<b>350.00</b>

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# General Manager's Report

November 2020

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

## INSIDE THE NOVEMBER REPORT

- 1** Santa Ana Sucker Protection and Beneficial Use Enhancement Project
- 2** Ensuring Equitable Involvement in Regional Water Planning Summit
- 3** City of Beaumont Brine Line Connection
- 4** Blue Ridge Fire
- 5** Euclid Avenue (Reach IV-A and IV-D) MAS Rehabilitation Project
- 6** Alcoa Dike—Lower Reach IV-B and C.R.C. Lateral Utility Protection Project

## Santa Ana Sucker Protection and Beneficial Use Enhancement Project

On October 26-27, SAWPA operations and planning staff constructed the second phase of the Santa Ana Sucker fish habitat structure in the Santa Ana River. The structure is located just upstream of the Van Buren Boulevard Bridge near the cities of Riverside and Jurupa Valley. The structure includes two rock filled gabion wire baskets and several large boulders that are exposing gravel and cobble on the river bottom. The Santa Ana Sucker is known to forge and spawn on gravel and cobble habitat.



## Ensuring Equitable Involvement in Regional Water Planning Summit

On October 8, 13, and 14, SAWPA, in coordination with the Local Government Commission (LGC) and the California Department of Water Resources (DWR), hosted a virtual statewide summit titled, “Ensuring Equitable Involvement in Regional Water Planning.” The Summit provided a forum for community leaders and IRWM practitioners to share lessons learned from 10+ years of engaging overburdened communities in regional water management, and discussed strategies to apply these approaches within their regions and across other statewide water management efforts.



Key speakers included: Wade Crowfoot, California Natural Resources Agency, Carmel Brown and Anecita Agustinez, Department of Water Resources, Laurel Firestone, State Water Resources Control Board and Yana Garcia, California Environmental Protection Agency. To access Summit resources, including presentation slides and video clips for each of the sessions conducted over the 3 days of the event, go to [www.lgc.org/summit](http://www.lgc.org/summit).

## City of Beaumont Brine Line Connection

The City of Beaumont commenced discharge to the Brine Line on November 3, 2020. Up to 550,000 gallons per day of RO reject (Brine) will be discharged into the Brine Line from Beaumont’s Wastewater Treatment Plant.



## Blue Ridge Fire

The Blue Ridge Fire, burning through parts of Chino Hills, north of the Green River Golf Course, overlapped with the Brine Line alignment (Reach IV).

The damage caused by the Blue Ridge Fire was limited to cracked concrete around one of the maintenance access structures (4-0030). These broken concrete collars will be repaired by SAWPA operations staff.

The PVC liner or the remote flow monitor inside the maintenance access structures were not impacted.



## Euclid Avenue (Reach IV-A and IV-D) MAS Rehabilitation Project

The Contractor is in the process of fabricating the steel plates and fiberglass fitting for installation in the maintenance access structures. Caltrans is reviewing the contractor’s traffic control plan for work along State Route 83 (Euclid Avenue). SAWPA staff, the Design Engineer and TRC Companies are continuing to review submittals and requests for information from the Contractor.

## Alcoa Dike – Lower Reach IV-B and C.R.C. Lateral Utility Protection Project

The Contractor has received delivery of the 36” and 18” HDPE Pipe. The Contractor has begun fusing the pipe for later installation. Work on the CRC Lateral includes removal of the existing pipe and preparation of the trench for installation of the new pipe. Work on Reach IV-B includes installation of the by-pass system for possible by-passing of system flows beginning the week of November 9<sup>th</sup>. SAWPA staff, the Design Engineer and TRC Companies continue to review submittals and requests for information from the Contractor.



Fusing Reach IV-B By-pass Pipe



Fusing Reach IV-B 36-inch HDPE Pipe



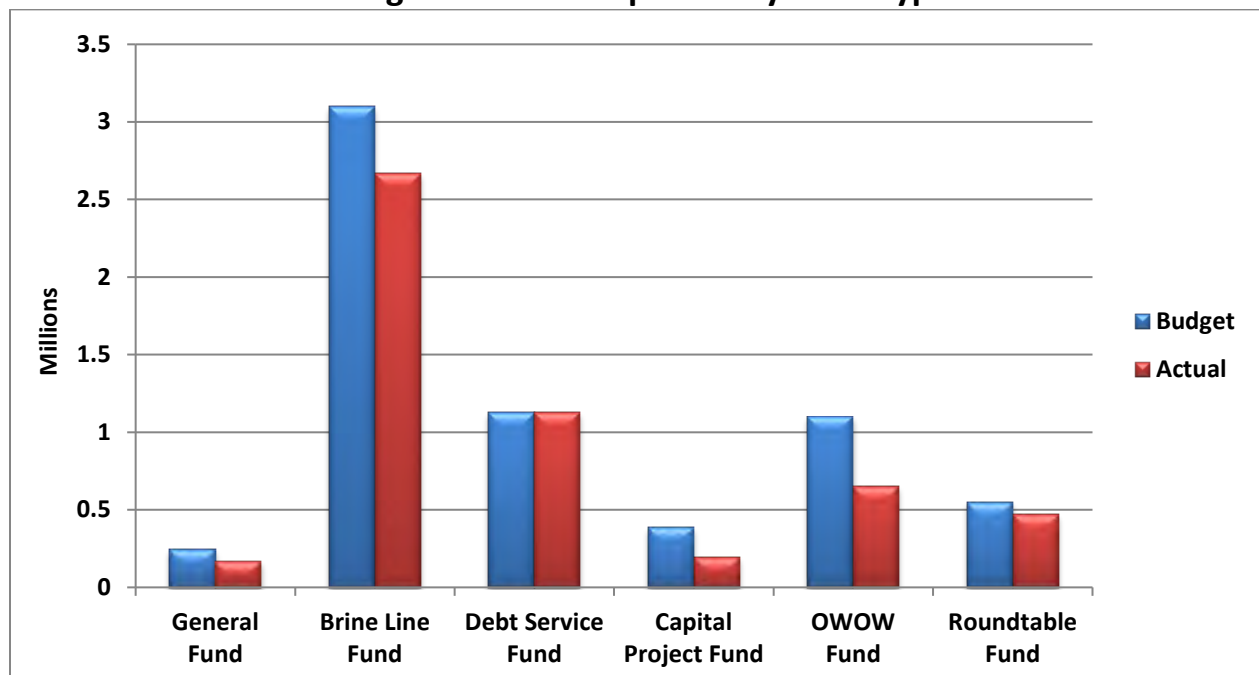
**Santa Ana Watershed Project Authority  
Executive Financial Information Report  
September 2020**

*Staff comments provided on the last page are an integral part of this report.*

<b>Overview</b>	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) September 2020 unless otherwise noted.
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Budget to Actual Expenses by Fund Type	<b>Favorable</b>			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
General Fund	\$680,339	\$245,085	\$169,018	\$76,067
Brine Line Enterprise	12,401,418	3,100,355	2,666,945	433,410
Debt Service Fund	2,835,027	1,126,577	1,126,278	299
Capital Project Fund	1,549,029	387,258	193,786	193,472
OWOW Fund	5,124,596	1,098,584	649,692	448,892
Roundtable Fund	1,797,871	549,217	468,921	80,296
Total	\$24,388,280	\$6,507,076	\$5,274,640	\$1,232,436

**Budget to Actual Expenses by Fund Type**



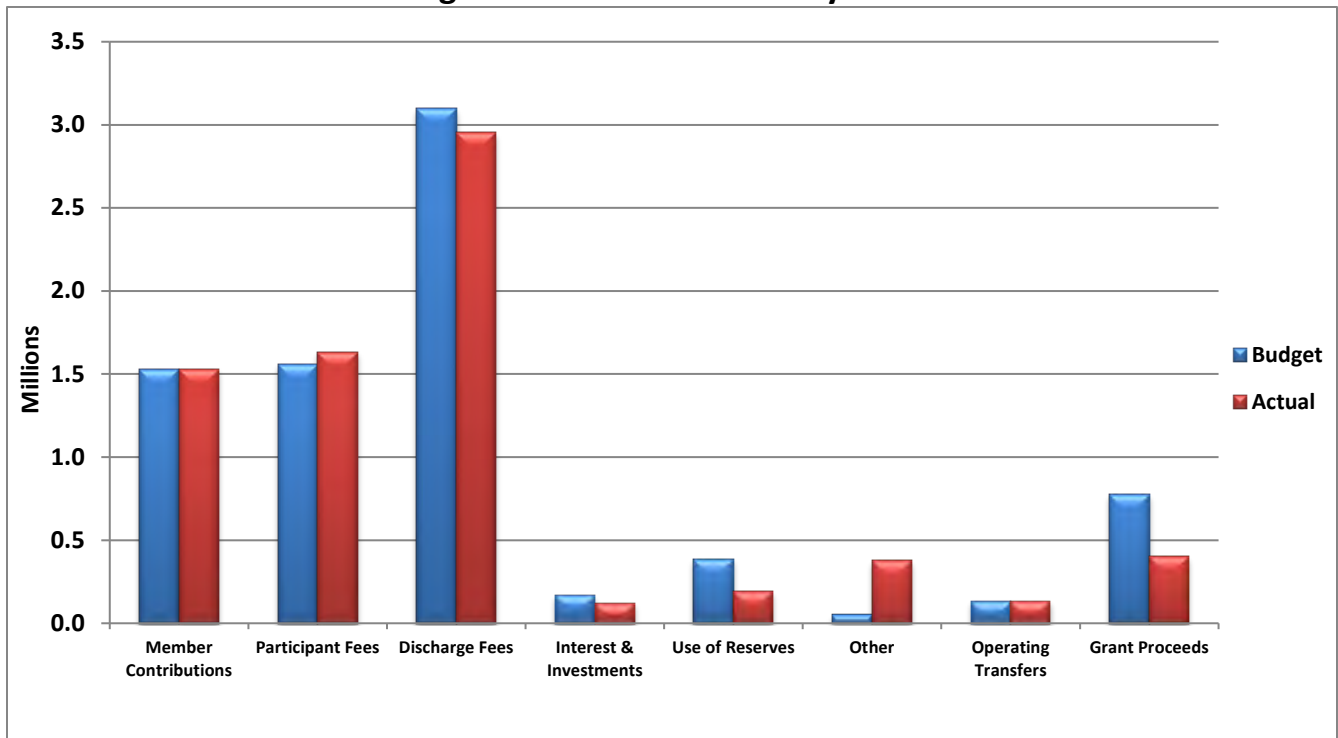
## Budget to Actual Revenues by Source



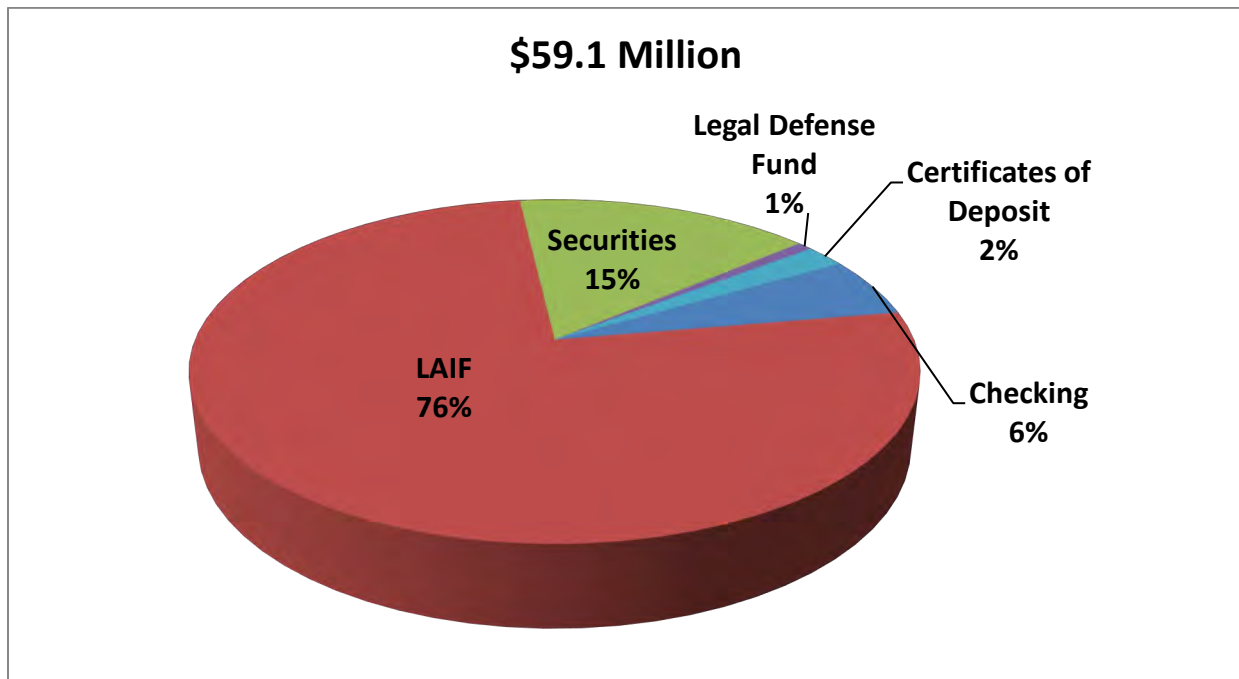
**Behind**

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Member Contributions	\$1,530,340	\$1,530,340	\$1,530,340	\$-
Participant Fees	1,881,337	1,560,003	1,633,121	73,118
Discharge Fees	12,401,418	3,098,833	2,954,508	(144,325)
Interest & Investments	675,000	168,750	121,145	(47,605)
Use of Reserves	3,709,056	387,258	193,786	(193,472)
Other	206,881	51,720	376,832	325,111
Operating Transfers	133,000	133,000	133,000	-
Grant Proceeds	3,572,232	775,225	403,277	(371,948)
<b>Total</b>	<b>\$24,109,263</b>	<b>\$7,705,129</b>	<b>\$7,346,009</b>	<b>(\$359,120)</b>

### Budget to Actual Revenues by Source



## Total Cash & Investments - September







## Reserve Fund Balance – September

	Amount
General Fund	\$1,798,462
Building Fund	669,455
OWOW Fund	1,883,902
Roundtable Fund	2,950,888
Self Insurance	4,395,735
Debt Retirement	3,077,709
Pipeline Replacement	21,549,970
OCSD Rehabilitation	3,719,181
Capacity Management	11,910,170
Future Capacity	1,823,486
Rate Stabilization	1,021,832
Flow Imbalance	83,234
Brine Line Operating	4,269,033
<b>Total Reserves</b>	<b>\$59,153,059</b>

## Legend

### Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

## Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

Total revenues are 5% below budget. The variance is due to Capital Projects and Proposition 1 and 84 grants. It is expected that total revenues will be on track with the budget by the end of the year.

Expenses are also down by 19% from the budget because of those projects as well.

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**November 6, 2020**

**To:** Santa Ana Watershed Project Authority

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

**RE:** October Report

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Overview:

Dry conditions continue to persist throughout the state keeping reservoirs in serious need of replenishment. Carryover storage in California's reservoirs has gotten the state through the record breaking heat this summer and could really use a strong winter snowpack to replenish supplies after a dismal winter of 2020. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, is at 86 percent of average for this time of year and 46 percent capacity for this time of the year. Oroville, the main State Water Project storage facility is at 71 percent of average and 42 percent capacity.

On October 6 Governor Newsom signed an Executive Order setting a first-in-the-nation goal to conserve 30 percent of the state's land and coastal water by 2030. The order aims to fight species loss and ecosystem destruction while bolstering biodiversity including; carbon sequestration in the state's natural and working lands by increasing healthy soils management, wetlands restoration, forest management, and urban greening. The effects on water have not been elaborated on by the Administration, but will be discussed in the coming months. A recent court decision may put significant limits on the Governor's ability to legislate by Executive Order.

The State Water Resources Control Board has been working on an MCL for Chrome-6 in response to a 2017 state superior court ruling that halted the Department of Public Health's previous efforts which failed to determine whether proposed MCL of 10 ppb was economically feasible, as required by the CA Safe Drinking Water Act. In response to environmentalists concerns that the SWRCB isn't moving fast enough, staff indicated that they expect to start the proceeding in November.

A large group of environmentalists filed a lawsuit challenging the funding of the Delta Conveyance project. The lawsuit, filed in the Sacramento County Superior Court, is attempting to freeze bonds approved by a judge in August because the Department of Water Resources has yet to complete environmental review of the project.

The California Air Resources Board (CARB) plans to begin work on their GHG Reduction Scoping Plan in the first quarter of 2021. The plan will focus on achieving the state's goal of 40 percent reduction in GHGs by 2030 and "carbon neutrality" by 2045. It is anticipated that many of the measures CARB will use to reach the state's goals will include "strengthening" existing programs such as cap-and-trade, low carbon fuel standard, renewable portfolio standard, zero emission vehicles and others.

Very little has changed in the Legislature after the November 3 election. While we are still waiting on results for a few close races, it is clear the Democrats have kept their majority in both houses and are expected to maintain super majorities in the Assembly and Senate, pending the outcome of a few races.

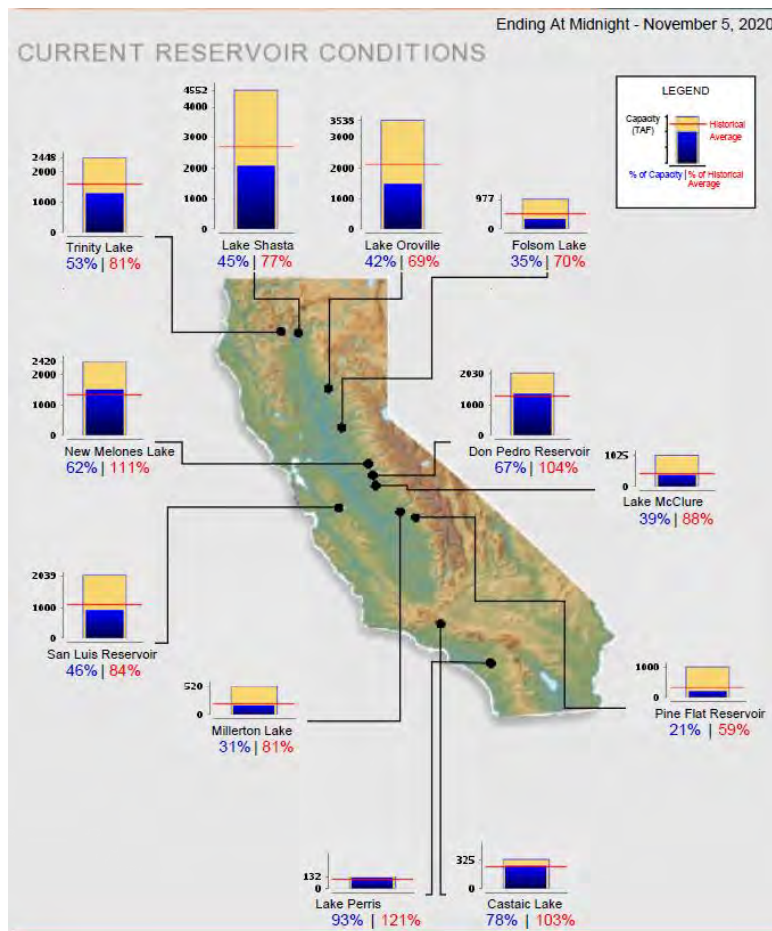
The Legislature has spent the past month campaigning in their districts and will return to Sacramento briefly in December for an “Organizational Session” then will return in earnest in January. The legislature is expected to start the new year the same way it ended 2020, in a virtual legislative session. As we get closer to the new year, many organizations are working on their legislative proposals for 2021. ACWA, MWD, CSDA and CASA are a few of the organizations that will be sponsoring legislation in 2021. Most of the legislation being considered currently is a redo from last where when legislation was held because of the COVID emergency.

## Santa Ana Watershed Project Authority Status Report – October 2020

### **Water Supply Conditions**

Dry conditions continue to persist throughout the state, but with temperatures dropping and expected to drop further in the coming days, water demand is easing. Carryover storage in California’s reservoirs has gotten the state through the record breaking heat this summer and the state could really use a strong winter snowpack to replenish supplies after a dismal winter of 2020. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, is at 84 percent of average for this time of the year and 46 percent capacity. Oroville is at 69 percent of average and 42 percent capacity.

Drought conditions are about normal for this time of the year, with about 84 percent of the state experiencing at least abnormally dry conditions. Surprisingly, it is the northern portion of the state that is struggling with more serious drought conditions, where normally Southern California is more dry.



### ***Newsom Signs Executive Order on Conservation***

On October 6 Governor Newsom signed an Executive Order setting a first-in-the-nation goal to conserve 30 percent of the state's land and coastal water by 2030. The order aims to fight species loss and ecosystem destruction while bolstering biodiversity including; carbon sequestration in the state's natural and working lands by increasing healthy soils management, wetlands restoration, forest management, and urban greening.

The order directs CalEPA, the CA Natural Resources Agency and other agencies to develop a "Natural and Working Lands Climate Smart Strategy" that serves as a framework to advance the State's carbon neutrality goal and build climate resilience.

The EO specifically talks about conserving "coastal waters" and makes no mention of urban water usage. When asked about urban water usage, CA Natural Resources Agency Secretary Wade Crowfoot said that urban water use would be considered in the "land" category. He offered no further explanation, and there has been no subsequent communication about the Administration's vision for how this EO could include urban water use or have any effects on the Delta.

Similar legislation, AB 3030 (Kalra), was defeated in 2020. WCA will follow the process at the agencies carefully and keep an eye out for any legislation that may be introduced in 2021.

### ***Environmentalists Ask SWRCB to Adopt Chrome-6 MCL***

The State Water Resources Control Board has been working on an MCL for Chrome-6 in response to a 2017 state superior court ruling that halted the Department of Public Health's chrome-6 MCL after it failed to determine whether the then-current MCL of 10 ppb was economically feasible, as required by the CA Safe Drinking Water Act.

The Board must consider the economic feasibility of complying with the MCL and assess the regulations' economic impact on CA businesses and individuals, according to the ruling. Since the ruling, board staff have developed an economic feasibility model that will be used for future MCLs that also have to factor the economic impacts and technological feasibility of remediation.

ACWA has asked the Office of Environmental Health Hazard Assessment (OEHHA) review its current Public Health Goal for chrome-6 of 0.02 ppb, arguing in part that new science supports a less stringent threshold. PHGs influence MCL development. ACWA cited 37 studies that have been published after the chrome-6 PHG was adopted in 2011. OEHHA hasn't responded to ACWA's request.

In the meantime, environmentalists are pushing the SWRCB to work faster, and have sent a letter asking the board to do just that. In response, the board has outlined that the MCL process is continuing and SWRCB staff is currently developing economic-impact calculations as part of their draft MCL proposal which is expected to be released later this month. The full regulatory proposal is expected to be released in February for public review and comment.

### ***Lawsuit Filed Against Delta Conveyance***

A large group of environmentalists including the Sierra Club, the Center for Biological Diversity, the Planning and Conservation League, Restore the Delta and Friends of Stone Lakes National Wildlife Refuge filed a lawsuit challenging the funding of Governor Gavin Newsom's Delta Conveyance project. The lawsuit, filed in the Sacramento County Superior Court, is attempting to freeze bonds approved by a judge in August because the Department of Water Resources has yet to complete environmental review of the project.



Project opponents are describing the bonds, which are funding environmental review and other planning work, as a “blank check.” In addition, the lawsuit is seeking an order to prohibit the state from performing physical planning work until the environmental review is complete.

DWR has stated that the efforts allowed by the judge in August are meant to confirm the agency’s authority to authorize and issue bonds, but “does not commit the department to any particular course of action. The department retains its full discretion to approve or reject a project following CEQA review.”

### ***CARB GHG Scoping Plan***

The California Air Resources Board (CARB) plans to begin work on their GHG Reduction Scoping Plan in the first quarter of 2021. The plan will focus on achieving the state’s goal of 40 percent reduction in GHGs by 2030 and “carbon neutrality” by 2045.

While CARB has touted that the state has already achieved it’s 2020 target of returning emissions to 1990 levels, a new report released on the state’s GHG inventory shows that emissions not only increased, all be it slightly, between 2017 and 2018, but that the state has to cut 166 million metric tons (MMT) over the next ten years. For comparison, the state has only reduced 20 MMT since 2011.

The next Scoping Plan will likely rely on current programs such as cap-and-trade, low carbon fuel standard, renewable portfolio standard, vehicle GHG standards and zero emission vehicle sales mandates, but tightening up the regulations to reduce emissions even further. The plan will also likely focus on natural and working lands “carbon sequestration” as outlined by Executive Order.

The Scoping Plan update will take an entire year of stakeholder collaboration and revision and is expected to be finalized in 2022.

### ***Legislative Proposals from Statewide Partners***

Staff asked WCA to include the legislative proposals ACWA, MWD, CSDA, CMUA, CASA and WateReuse are considering for the 2021 legislative session. While most of the proposals are still getting flushed out, we are starting to get an idea of newly proposed legislation.

#### **ACWA:**

Proposal from Irvine Ranch Water District: to address continuing issues by the class action lawsuit against many water agencies calling into question their ability to lawfully and appropriately charge residents and businesses for the costs of water supplies used during fire protection services and for the costs associated with the fire hydrants the water supplier owns and maintains within the community.

Because current law does not allow agencies to seek “validation” of those rates and charges, there is no way to proactively avoid similar lawsuit. The proposed bill would add language to the Government Code allowing agencies to seek validation of rates under Chapter 9 of the CA Code of Civil procedure.

ACWA has agreed to sponsor this proposal and look for an author.

ACWA is also in discussions with the environmental community to work together on a climate resilience bond.

**MWD:**

MWD will be bringing back their two proposals from 2020. First, SB 966 (Portantino) to create a statewide program to identify and evaluate constituents of emerging concern (CECs) in drinking water. The second is to grant MWD lead agency status under the Surface Mining and Reclamation Act.

**CASA:**

CASA intends to bring back their legislation on flushable product labeling that many SAWPA member agencies supported in 2020.

**CSDA:**

CSDA has not made any decisions but will likely sponsor legislation to amend the Brown Act to allow public agencies to continue to meet remotely after COVID. Three Valley's Municipal Water District has a similar proposal.

**CMUA:**

CMUA has not formally adopted a legislative package for 2021. They will consider re-introduction of some of their 2020 proposals in 2021 including:

SB 414 (Caballero) Small System Water Authority Act: Eastern MWD and CMUA are in discussions with the author if there is a future for the bill.

SB 966 (Portantino) CEC- will likely co-sponsor with MWD

**WateReuse:**

WateReuse is not currently considering sponsorship of any legislation.

***State Election Recap***

This report was finalized the on November 6, so there are still some races that have yet to be called.

The makeup of the California Legislature remains remarkably the same with very few seats changing hands. Only ten new people have been elected in the Assembly (including one former Senator) and eight in the Senate (including three former Assemblymembers and one former Senator). Both houses will likely maintain their super majorities.

**ASSEMBLY**

Unless something drastic happens, the Assembly is set. **The Assembly will likely have 60 Democrats; 19 Republicans and 1 Independent.**

The chairs of Environmental Safety and Toxic Materials (Bill Quirk), Water, Parks and Wildlife (Eduardo Garcia) and Natural Resources (Laura Friedman) committees were all re-elected. The Speaker is free to change chairmanships around at will, but changes of these three committee chairs is unlikely.

There is only one new member with any type of water background:

**Kathy Miller (D, AD 13- Stockton)** Member-elect Miller is on the San Joaquin County Board of Supervisors and serves as the chair of the Sacramento-San Joaquin Delta Conservancy, represented Stockton on the Delta Protection Commission and led the San Joaquin Area Flood Control Agency for eight years. While she doesn't have any experience directly related to recycled water, her other experience will likely land her on Water, Parks and Wildlife.

## **SENATE**

There are several very close races in the Senate and more potential for change in committee leadership.

**Likely Senate makeup: 29 Democrats; 7 Republicans & four races yet to be called.**

- SD 21(Santa Clarita) Scott Wilk (R-Incumbent) leads Kipp Mueller (D) by about 2,500 votes
- SD 23 (Rancho Cucamonga)- Abigail Medina (D) leads Rosilicie Ochoa Bough (R) by about 1,200 votes
- SD 29 (Chino Hills) Josh Newman (D) leads Ling Ling Chang (R-Incumbent) by about 10,000 votes
- SD 37 (Costa Mesa) Dave Min (D) leads John Moorlach (R-Incumbent) by about 15,000 votes

**The most notable new member in the Senate is John Laird (D-SD 17, Carmel).** Many will remember member-elect Laird as the California Secretary for Natural Resources from 2011 to 2017. He was also a member of the CA State Assembly from 2002-2008. With his extensive natural resources background he could assume a leadership role in one of the relevant committees. Similar to the Assembly, there are no natural openings for Committee Chairs on the Senate Environmental Quality or Natural Resources and Water Committees right now. Of course, it should be noted that Pro Tem Atkins (there is no reason to believe she will not be re-elected by the Senate to be Pro Tem) can make any changes she sees fit. Regardless, Senator-elect Laird will have a heavy influence on resources policy in the years to come.

The final piece of uncertainty in the Senate revolves around Senator Holly Mitchell (D-Los Angeles), who with just two years left before she is termed out, won a seat to the LA County Board of Supervisors. Her seat is expected to easily remain in Democratic hands (one sitting Assembly Democrat, Sydney Kamlager, has already announced she will be running). Unfortunately, Senator Mitchell's resignation from the Senate leaves a big hole, as she has been the very well-respected chair of the Senate Budget Committee for several years now. The new chair will have some big shoes to fill, once she or he is named by Pro Tem Atkins.

### ***Legislative Update***

The Legislature will return to Sacramento in early December for an "Organizational Session" to swear in members. A few bills will be introduced on that day, with additional measures introduced in January when the legislature returns. Committee assignments are expected sometime in December.