



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

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

This meeting will be conducted in person at the addresses listed below. As a convenience to the public, members of the public may also participate virtually using one of the options set forth below. Any member of the public may listen to the meeting or make comments to the Commission using the call-in number or Zoom link. However, in the event there is a disruption of service which prevents the Authority from broadcasting the meeting to members of the public, the meeting will not be postponed or rescheduled but will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required. Members of the public are welcome to attend the meeting in-person.

Meeting Access Via Computer (Zoom):	Meeting Access Via Telephone:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/86242155577 	<ul style="list-style-type: none"> • 1 (669) 900-6833
<ul style="list-style-type: none"> • Meeting ID: 862 4215 5577 	<ul style="list-style-type: none"> • Meeting ID: 862 4215 5577

REGULAR COMMISSION MEETING TUESDAY, FEBRUARY 4, 2025 – 9:30 A.M.

Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

and

601 N. Ross Street, Room 327
Santa Ana, CA 92701

AMENDED **AGENDA**

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

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).

Members of the public may make comments in-person or electronically for the Commissions' consideration by sending them to publiccomment@sawpa.gov with the subject line "Public Comment". Submit your electronic comments by 5:00 p.m. on Monday, February 3, 2025. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record. Individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the Commission.

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 SAWPA Commission 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: JANUARY 21, 2025.....7**
Recommendation: Approve as posted.

6. NEW BUSINESS

A. ROTATION OF OFFICERS AND COMMISSION APPOINTMENTS (CM#2025.8) 17

Presenter: Jeff Mosher

SAWPA Resolution No. 355 calls for rotation of officers at a meeting in January of each odd-numbered year.

SAWPA Commission

- Chair
- Vice Chair
- Secretary-Treasurer

Other Commission Appointments

- One Water One Watershed (OWOW) Steering Committee
- Lake Elsinore San Jacinto Watershed Authority (LESJWA)

Recommendation:

- (1) Authorize the rotation of officers in accordance with the historical rotation provisions of Resolution No. 355, and appoint the WMWD Representative as Commission Chair, the SBVMWD Representative as Commission Vice Chair, and EMWD Representative as Commission Secretary-Treasurer; and
- (2) Acknowledge the rotation of representatives to the One Water One Watershed (OWOW) Steering Committee and the Vice Chair serving as Convener as set forth in Resolution No. 2018-1; and
- (3) Adopt Resolution No. 2025-1 appointing two Commissioners (primary and alternate) to the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) Board of Directors as the SAWPA representatives.

B. COMMISSIONER COMPENSATION (CM#2025.9)25

Presenter: Karen Williams

Recommendation: Regarding Commissioner compensation effective January 2025:

- 1) Allow the per day of service rate to increase automatically by 5% (from \$260 to \$270) effective January 2025; or
- 2) Adopt Resolution No. 2025-2 prohibiting the automatic increase of 5% in the per day of service rate effective January 2025 and maintaining the current rate of \$260.

C. AUDIT SERVICES CONTRACT EXTENSION (CM#2025.10).....31

Presenter: Karen Williams

Recommendation: To authorize the issuance of a Task Order with C.J. Brown & Company, CPAs (formerly Fedak & Brown LLP), for audit services and extend the current contract for an additional two (2) years.

D. SANTA ANA RIVER MITIGATION BANK UPDATE (CM#2025.11)65

Presenter: Jeff Mosher

Recommendation: Receive and file.

E. UPDATE ON BASIN MONITORING TASK FORCE – BASIN PLAN AMENDMENTS (CM#2025.12)101

Presenter: Rachel Gray | Tess Dunham, Kahn Soares & Conway, LLP

Recommendation: Receive and file.

7. INFORMATIONAL REPORTS

Recommendation: Receive for information.

A. COMMUNICATIONS REPORT111

Presenter: Jeff Mosher

B. GENERAL MANAGER REPORT

Presenter: Jeff Mosher

C. CHAIR’S COMMENTS/REPORT

D. COMMISSIONERS’ COMMENTS

E. COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

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

9. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4220 or email svilla@sawpa.gov 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.gov, subject to staff’s ability to post documents prior to the meeting.

Declaration of Posting

I, Sara Villa, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on January 30, 2025, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.gov and posted at SAWPA’s office at 11615 Sterling Avenue, Riverside, California.

2025 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.)

January		February	
1/7/25	Commission Workshop [cancelled]	2/4/25	Commission Workshop
1/21/25	Regular Commission Meeting	2/18/25	Regular Commission Meeting
March		April	
3/4/25	Commission Workshop	4/1/25	Commission Workshop
3/18/25	Regular Commission Meeting	4/15/25	Regular Commission Meeting
May		June	
5/6/25	Commission Workshop	6/3/25	Commission Workshop
5/20/25	Regular Commission Meeting	6/17/25	Regular Commission Meeting
5/13 – 5/15/25	ACWA Spring Conference, Monterey, CA		
July		August	
7/1/25	Commission Workshop	8/5/25	Commission Workshop
7/15/25	Regular Commission Meeting	8/19/25	Regular Commission Meeting
September		October	
9/2/25	Commission Workshop	10/7/25	Commission Workshop
9/16/25	Regular Commission Meeting	10/21/25	Regular Commission Meeting
November		December	
11/4/25	Commission Workshop	12/2/25	Commission Workshop
11/18/25	Regular Commission Meeting	12/16/25	Regular Commission Meeting
		12/2 – 12/4/25	ACWA Fall Conference, San Diego, CA

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SAWPA COMPENSABLE MEETINGS

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.gov/sawpa-calendar/>

MONTH OF: FEBRUARY

DATE	TIME	MEETING DESCRIPTION	LOCATION
2/4/25	8:30 AM	PA 23 Committee Mtg	CANCELLED
2/4/25	10:00 AM	PA 24 Committee Mtg	Hybrid (SAWPA & Virtual/Teleconference)
2/20/25	4:00 PM	LESJWA Board of Directors Mtg*	Hybrid (Elsinore Valley MWD, 31315 Chaney Street, Lake Elsinore, CA 92530 & Virtual/Teleconference)
2/27/25	11:00 AM	OWOW Steering Committee Mtg	Hybrid (SAWPA & Virtual/Teleconference)

MONTH OF: MARCH

DATE	TIME	MEETING DESCRIPTION	LOCATION
3/3/25	9:30 AM	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	Virtual/Teleconference
3/6/25	1:30 PM	MSAR TMDL Task Force Mtg	Virtual/Teleconference
3/4/25	10:00 AM	PA 24 Committee Mtg	Hybrid (SAWPA & Virtual/Teleconference)
3/11/25	8:30 AM	PA 22 Committee Mtg	Hybrid (SAWPA & Virtual/Teleconference)

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.

* To be rescheduled

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**SAWPA COMMISSION
REGULAR MEETING MINUTES
JANUARY 21, 2025**

COMMISSIONERS PRESENT

Mike Gardner, Vice Chair, Western Municipal Water District
Denis Bilodeau, Orange County Water District [via – zoom]
Gil Botello, San Bernardino Valley Municipal Water District [9:35 a.m.]
Philip E. Paule, Eastern Municipal Water District
Jasmin A. Hall, Inland Empire Utilities Agency

COMMISSIONERS ABSENT

None

**COMMISSIONERS PRESENT;
NON-VOTING**

T. Milford Harrison, Alternate, San Bernardino Valley Municipal Water District

STAFF PRESENT

Jeff Mosher, Karen Williams, David Ruhl, Rachel Gray, Shavonne Turner, Marie Jauregui, Dean Unger, John Leete, Rick Whetsel, Alison Lewis, Sara Villa, Zyanya Ramirez

OTHERS PRESENT

Thomas S. Bunn, Lagerlof, LLP; Lisa Haney, Orange County Water District; John Kennedy, Orange County Water District; Fred Jung, Orange County Water District; Adekunle Ojo, San Bernardino Valley Municipal Water District; Carly Pierce, Western Municipal Water District; Craig Miller, Western Municipal Water District; Mallory O’Conor, Western Municipal Water District; Beth Olhasso, West Coast Advisors; Michael Boccadoro, West Coast Advisors

The Regular Meeting of the Santa Ana Watershed Project Authority Commission was called to order at 9:30 a.m. by Vice Chair Mike Gardner on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California, and Denis Bilodeau at 301 N. Ross Street, Room 327, Santa Ana, CA 92701.

1. CALL TO ORDER

2. ROLL CALL

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

3. PUBLIC COMMENTS

Jeff Mosher informed the Commission that Andy Turner of Lagerlof, who has served as SAWPA’s General Counsel, retired at the end of December, and Lagerlof appointed Thomas S. Bunn as SAWPA’s new representative. Mr. Bunn introduced himself and noted that he has been working at Lagerlof and its predecessor his entire career, and has been involved with water, public agencies, private clients, and has worked with joint powers agencies, and is looking forward to working with SAWPA and answering any questions that may arise. There were no public comments received via email.

Commissioner Gil Botello joined the meeting at 9:36 a.m., during the public comment item.

Vice Chair Mike Gardner welcomed three (3) new members to the SAWPA Commission: Gil Botello, of San Bernardino Valley Municipal Water District, Philip E. Paule of Eastern Municipal Water District, and Denis Bilodeau of Orange County Water District.

4. ITEMS TO BE ADDED OR DELETED

There were no items to be added or deleted.

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: DECEMBER 17, 2024

Recommendation: Approve as posted.

B. TREASURER'S REPORT: NOVEMBER 2024

Recommendation: Approve as posted.

MOVED, to approve the Consent Calendar as posted.

Result:	Adopted by Roll Call Vote
Motion/Second:	Hall/Paule
Ayes:	Bilodeau, Botello, Gardner, Hall, Paule
Nays:	None
Abstentions:	None
Absent:	None

6. WORKSHOP DISCUSSION AGENDA

A. LEGISLATIVE REPORT

Jeff Mosher reported that West Coast Advisors (WSC) serves as our legislative advocate, representing SAWPA, the member agencies, and other agencies within the watershed on issues that have a regional impact. For the benefit of the new Commissioners, it is important to note that weekly calls are held with WSC, led by Beth Olhasso, who provides a quarterly update. During these calls, they track relevant legislation and create a platform for member agencies to discuss ongoing activities, fostering regional collaboration. Additionally, on occasion support letters are issued for specific legislation in Sacramento, contingent upon the agreement of our member agencies. This approach is valuable as it facilitates communication between member agencies and identifies opportunities for collective action.

Michael Boccadoro of WSC provided a presentation on the Sacramento Update. The legislature has reconvened in both special and regular sessions, with the special session expanded to address the Los Angeles (LA) wildfires. This issue is expected to dominate much of the focus in Sacramento during the first several months, potentially longer, given the extent of the devastation in LA. Additionally, a new federal administration took office, and the state is finalizing the establishment of a legal fund, approximately \$50 million, to allow the State Attorney General to pursue lawsuits against the federal administration as needed. This approach mirrors actions taken during the first Trump administration, where states played a similar role. In terms of legislative activity, committee assignments have been released, with the Assembly finalizing the committee chairs and full assignments last week.

The Bill introduction deadline is set for February 14th, and 2025 is shaping up to be the "Year of Affordability." Alongside the focus on wildfire recovery and the new federal administration, affordability is anticipated to be a major theme driving legislative discussions in Sacramento. This topic is already being frequently mentioned in floor debates and can expect further developments in the coming months.

The water supply situation remains positive, with major reservoirs, particularly in Northern California, holding levels at or above the historic average for this time of year. However, despite these favorable conditions, state water project allocations are set at just 15%. While these allocations have been increased, they remain extremely low. From a snowpack perspective, the situation is mixed. Northern California is experiencing a very positive snowpack, which is excellent news for the major reservoirs that supply water to Central Valley and Southern California. However, further south, conditions are less favorable. In the central Sierra, snowpack is at just 74% of the average for this time of year and 37% of the average

for April 1st. The Southern Sierra is at only 54% of the average. Dry conditions are beginning to affect the state, particularly in Southern California. These conditions have contributed to the ongoing wildfire challenges, and with high winds continuing, there is a potential for additional fires across the region.

Beth Olhasso continued the presentation and noted that the Governor released his proposed budget on January 10th, totaling \$322.2 billion. However, many experts believe that the budget will need to be adjusted due to the significant costs associated with the ongoing wildfires. The state is in a special session, and the Governor has already proposed allocating \$2.5 billion from the "Rainy-Day Fund" to support wildfire response and recovery. Additionally, the state will not release the full \$10 billion at once due to the debt service obligations, and it is expected that only about \$1 billion will be allocated to water-related projects this year, as part of the ongoing bond funding. The proposed budget includes \$153.4 million for water recycling. However, this comes with the offset of a \$51 million reduction from the general fund allocation that was received last year, resulting in a net allocation of approximately \$150 million for water recycling.

Ms. Olhasso noted there is a broad category of \$183.2 million allocated for water quality, safe drinking water, and tribal water infrastructure. These funds will be distributed across various departments, and SAWPA, along with member agencies, could explore opportunities to access some of this funding, both through new initiatives and existing programs.

The Governor's budget proposal includes a reduction of \$32 million from the Department of Water Resources' (DWR) watershed climate resilience funds in the general fund. One key issue being closely monitored is the impact of staffing cuts across state agencies, which have been implemented in recent years to balance the budget and address deficits. Last week, the Department of Finance released a report detailing staffing reductions. An update on committee assignments was provided, highlighting key positions relevant to SAWPA member agencies. The deadline for Bill introductions is mid-February. A few key pieces of legislation and issues being monitored include: PFAS legislation, low-income water rate assistance, long-term water supply target bill, water theft legislation, WaterReuse legislation, virtual meeting legislation, brine discharge regulation, and water availability and fire-related legislation.

The Voluntary Agreements to support healthy rivers and landscapes are progressing. A workshop will be held this Thursday. The Advanced Clean Fleets regulation, which would require the conversion of trucks to electric vehicles in various phases, has encountered some challenges. California needed a waiver from the Federal EPA to implement the rule. However, with the inauguration of President Trump, California withdrew its waiver request. It is expected that the state will explore alternative approaches. It is not anticipated that they will drop the clean fleet initiative entirely, so they will continue to monitor developments and keep everyone informed as new information emerges.

Commissioner Botello emphasized the importance of addressing water availability issues, urging that the situation should be thoroughly examined as part of a disaster response and recovery efforts.

This item is to receive and file; no action was taken on agenda item no. 6.A.

7. NEW BUSINESS

A. APPROVAL OF FY 2025 SALARY SCHEDULE (CM#2025.1)

Jeff Mosher provided a verbal report on the Salary Schedule for FY 2025, noting that the Commission is required to approve the salary schedule per requirement of CalPERS. The salary schedule referenced on pages 25-26 on the agenda packet was used in preparing the

FYE 2025 Budget. The following changes were made to the salary schedule from the prior year:

- Increased the minimum and maximum salary amounts by the approved 4.3% CPI,
- Changed Communication Specialist to Communication Specialist I,
- Added Communication Specialist II,
- Added Senior Communication Specialist,
- Added Associate Project Manager,
- Added Communications Program Manager,
- Added Senior Information System Analyst,
- Removed Operations Manager,
- Removed Special Project Manager, and
- Removed Engineering Manager.

Commissioner Hall raised concerns regarding the removal of the Operations Manager position and requested clarification on how this role will be categorized and what the new title and responsibilities will be.

Mr. Mosher provided historical context, noting that the Engineering and Operations Department were originally split into two separate departments, and are now combined. The Operations Manager position has been removed from the previous structure, the newly hired Manager of Operations is still part of the overall department, though reports to the Executive Manager of Engineering and Operations.

Commissioner Hall noted that the titles currently used may not adequately capture the full range of responsibilities now associated with the combined department. The differentiation between roles within the department should be carefully considered to ensure titles accurately reflect the work being done. Mr. Mosher noted that Ralph Andersen & Associates, when working on the Classification and Compensation Study and reviewing the surveyed agencies, will look for positions that are comparable, though not necessarily exact matches. They will focus on roles within the operations and engineering department head positions and may recommend changes to the title if needed. What they do is carefully examine the job descriptions for each position. This is a process they manage regularly and are experts in, ensuring they make well-informed recommendations based on their experience.

MOVED, to approve the salary schedule for FY 2025 as required by CalPERS.

Result:	Adopted by Roll Call Vote
Motion/Second:	Botello/Hall
Ayes:	Bilodeau, Botello, Gardner, Hall, Paule
Nays:	None
Abstentions:	None
Absent:	None

B. AMENDMENT TO THE PA 24 AGREEMENT – APPOINTMENT OF ALTERNATE REPRESENTATIVES (CM#2025.2) 37:59

Jeff Mosher provided a verbal report and referenced the Amendment to the PA 24 Agreement – appointment of alternate representatives, contained in the agenda packet on pages 29-30.

The proposal to amend the PA 24 Agreement came out of discussions with the general manager’s member agencies regarding increasing flexibility for the PA committees, specifically PA 24. Previously, an amendment was made to allow both commissioners and general managers to serve on the PA committees. However, there was a request to explore further flexibility, as there are times when both positions have other meeting conflicts.

Currently, each committee member must be either a commissioner or a general manager, but it is suggested that we add the option of two (2) alternates. The primary member would still be a commissioner or general manager, and the alternates could be another commissioner, general manager, or a senior-level manager from one of the member agencies. Mr. Mosher noted that the goal is to provide more flexibility in terms of representation. The inclusion of a senior staff member as a third alternate addresses the flexibility requested by the member agencies, allowing for better participation in meetings and overseeing potential conflicts.

Commissioner Botello asked if SAWPA has experienced situations where tracking these conflicts or participation challenges made it clear that this adjustment was necessary? What are the costs? Ramifications of adding a second alternate? Mr. Mosher noted there have been instances where conflicts have arisen, though it is not a frequent issue, though in those situations, the decision had to be made whether one of the parties should skip the meeting or attend the PA 24 Committee meeting. While we have managed to work through these conflicts, adding this flexibility would certainly make things smoother. If the alternate is a senior staff member or a general manager, they are already compensated in their regular roles, so there would not be additional stipends or compensation for their participation in the meetings.

Vice Chair Gardner noted that this flexibility could be beneficial for WMWD, there have been situations we have been faced with a conflict between attending the PA 24 Committee meeting and Western's Standing Committee, and Craig Miller, being the alternate for PA 24 Committee also attends the Standing Committee meeting. Having the option of additional alternates for PA 24 Committee could ensure full participation.

MOVED, to recommend to the PA 24 Committee the amendment to the PA 24 Agreement dated July 17, 2019, allowing for the appointment of two (2) alternate representatives.

Result:	Adopted by Roll Call Vote
Motion/Second:	Botello/Hall
Ayes:	Bilodeau, Botello, Gardner, Hall, Paule
Nays:	None
Abstentions:	None
Absent:	None

C. FYE 2026 AND 2027 BUDGET GOALS AND OBJECTIVES (CM#2025.3)

Jeff Mosher provided the presentation on the FYE 2026 and 2027 Budget Goals and Objectives, contained in the agenda packet on pages 43-84. An outline of SAWPA's Vision, Budget Approach, Goals and Objectives, and Agency Operations was briefly described to reflect the current strategy elements in setting up the goals and objectives based on SAWPA's Vision and Mission. Mr. Mosher provided a brief background of the three (3) main program areas that SAWPA operates; Inland Empire Brine Line, One Water One Watershed, and the Roundtables.

Karen Williams continued the presentation on the FY 2026 and 2027 Budget Approach, contained in the agenda packet on pages 52-57. The budget process is a collaborative effort involving all department managers. The budget is based on SAWPA's mission, vision, and goals, and aligns it with the strategic plan adopted and reviewed by the Commission. The process includes preparation, integration, and adoption by the Commission.

Ms. Williams provided the following timeline overview:

- December - February: Departments develop their budget needs by funds or projects (e.g., Brine Line, OWOW, Round Tables, and Agency Operations).

- February 6: Budget Workshop with member agency CFOs.
- March 4: Commission presentation of first draft of the OWOW and Roundtable funds Budget.
- March 18: Commission presentation of first draft of general fund budget.
- April 1: Commission presentation of budget review of all funds.
- May 6: Commission presentation to approve budget.
- June 30: Commission presentation for member agency budget ratification.

Ms. Williams noted that for PA 24 Committee, the budget will be reviewed on March 4, and aim for approval by April 1. The dates for the PA 22 and PA 23 Committee presentations are still being finalized. Once the budget is adopted, it will be reviewed periodically for progress, comparing actual performance against the budget throughout the two-year cycle.

Commissioner Hall asked if there is anything that stands out that may be a concern to the member agency staff. Ms. Williams noted that a concern for the member agencies is the Brine Line rates and how much it is anticipated they are expected to increase so they can work it within their budgets. Additionally, the member agency contributions and making sure they are not increasing substantially.

Commissioner Botello asked when the budget gets presented to the member agency CFOs. Mr. Mosher noted that SAWPA staff meet with the general managers on a monthly basis to update them on upcoming Commission items, including the budget. During these meetings, there's discussions on various topics, though regarding the budget, the general managers are particularly more interested in the input from their CFOs. Based on feedback from recent years, their preference has been to first review the budget with their CFOs to address any questions before bringing it forward.

David Ruhl continued the presentation on the FY 2026 and 2027 Brine Line Goals and Objectives, contained in the agenda packet on pages 58-66. The Engineering and Operations Department is responsible for managing the Brine Line's operations, overseeing capital projects, and administering grants for programs like Prop 84 and Prop 1. They also handle cloud seeding and pilot projects. Key activities include conducting annual inspections, maintaining air vacuum valves and manholes, and ensuring the right of way is accessible. The department updates the sewer system management and emergency response plans each year and works with external agencies to prevent any impact on the Brine Line. Additionally, they manage regulatory compliance, including preparing for a fleet transition to electric vehicles by 2027.

Mr. Ruhl noted that staff has recently completed a Brine Line Master Plan, which will be presented to the PA 24 Committee in February. The plan recommends several follow-up studies to be included in the next two-year budget, such as enhanced monitoring, offline storage feasibility, brine management technology, PFAS monitoring, and green hydrogen feasibility. We will also continue to review discharge or capacity agreements as they arise, including a recent capacity agreement approved with Valley for facility expansion.

Coordination with agencies and developers in the region is ongoing to ensure infrastructure plans do not impact the Brine Line, and we continue our partnership with OC San through the pretreatment program and the Joint Operations and Policy Committees.

In terms of permitting and pretreatment, SAWPA's focused on standard tasks such as inspections, monitoring, issuing permits, and enforcement. We are also looking to update the Brine Line Ordinance, which has not been revised since 2017. Other ongoing work includes

auditing our pretreatment program, conducting a solids and balance study, and monitoring at the OC San metering station for billing purposes.

For capital projects, we have planned inspections and condition assessments for parts of the Brine Line, including Reach 4B, where we will add maintenance access structures and raise those affected by Prado Basin inundation. Two significant upcoming projects include the Euclid Bridge Project and a new off-ramp in the City of Chino, both of which will require careful planning to prevent impacts to the Brine Line.

Rachel Gray continued the presentation on FY 2026 and 2027 Planning Goals and Objectives, contained in the agenda packet on pages 67-77. SAWPA's efforts are organized under two primary programs, the OWOW program and the Roundtables program. The OWOW program focuses on our Climate Adaptation Resilience Plan (CARP), which includes implementing projects and seeking future funding. The Roundtables program involves the task forces we manage for stakeholders in the watershed.

SAWPA is a state-approved Integrated Regional Water Management (IRWM) agency, and our goal is to collaborate with watershed stakeholders. Our original plan, finalized in 2010, is now being supplemented with a Climate Adaptation Resilience Plan. In addition, we conduct basin planning and partnership studies, engaging stakeholders to understand local needs and pursue federal funding. Our CARP initiative, funded by a grant from the Governor's office (Land Use and Climate Innovation), focuses on understanding local climate risks, identifying adaptation strategies, and developing regional projects. We are creating an interactive platform to track these projects and strategies, ensuring the process remains dynamic and not just a static document.

Ms. Gray noted that other projects that are being implemented include a PFAS regional study, a cloud seeding pilot program, a turf removal program in partnership with Riverside Public Utilities, and projects supporting disadvantaged communities funded by Proposition 1. Additionally, SAWPA manages grants administration for various programs, including Prop 84, Prop 1, and the current CARP grant, ensuring compliance and reporting for these funds.

The Roundtables program oversees several task forces, many with regulatory components. These task forces often collaborate with the Regional Water Quality Control Board. Key task forces include Basin Monitoring Program Task Force, Santa Ana River Fish Conservation Task Force, Middle Santa Ana River Task Force, Regional Water Quality Task Force, Arundo Management and Habitat Restoration, Emerging Constituents Task Force, Lake Elsinore, and Canyon Lake TMDL Task Force. Additionally, the administration of LESJWA, which is undergoing its first strategic planning process.

Commissioner Hall suggested addressing the impacts of septic systems on groundwater quality, particularly within disadvantaged communities, while considering both the environmental and economic benefits. She proposed that roundtable groups could work together to identify the number of septic systems in each city, then use this data to develop a project that could attract state funding and bring benefits to the community. Commissioner Hall emphasized the need for a proactive approach within the region and for SAWPA to help drive these discussions forward, even if it means overcoming the resistance to the upfront costs. This could become a valuable task force for the region to address groundwater contamination from various sources, including septic systems, while providing a solution that improves both water quality and property values.

Mr. Mosher noted that if there's interest from the member agencies in exploring this idea, it could be evaluated further. One potential avenue for this is through the CARP (Climate Adaptation and Resilience Plan) process. This platform could be an ideal space for discussing

septic system projects, particularly those that aim to recycle wastewater for reuse, potentially contributing to climate resilience efforts.

Commissioner Botello noted that a key step is conducting asset mapping to identify where septic systems are located and assess the need for upgrades. However, when discussing the option of hooking up to sewer systems, many residents express concerns about becoming city residents, which creates resistance to change. It highlights the importance of education and raising awareness among the community to address these concerns.

Mr. Mosher continued the presentation on FY 2026 and 2027 Agency Operations Goals and Objectives, contained in the agenda packet on pages 78-84. There is a strategic plan in place which is funded for this fiscal year. Additionally, the focus on state advocacy efforts and communications. This area is integrated across all SAWPA's activities, ensuring effective communication on projects like cloud seeding, as well as ongoing updates to the Commissioners through monthly highlights. Internally, we also work on communication efforts, aiming to enhance SAWPA's ability to share information with stakeholders and the public. This has been a focus, and we continue to improve these efforts. A significant portion of the budget is dedicated to maintaining security, ensuring that our software, hardware, and network applications remain up to date. Additionally, our IT program supports GIS services, which are crucial for both the brine line operations and our planning projects.

This item is to receive and file, no action was taken on agenda item no. 7.C.

D. RFP FOR INVESTMENT MANAGEMENT SERVICES (CM#2025.4)

Karen Williams provided a presentation on the RFP for Investment Management Services, contained in the agenda packet on pages 109-124. SAWPA staff are preparing to release a Request for Proposal (RFP) for investment management services. This move comes as part of the succession planning for the Finance Department, as she will be retiring, and the goal is to hire a new Director of Finance by Fall 2025, with at least three (3) months of overlap to ensure a smooth transition.

The new Director of Finance will oversee the external firm managing the organization's investments, which have historically been managed in-house. The decision to outsource investment management is aimed at bringing in expert guidance, improving investment policy review, enhancing asset allocation strategies, and providing comprehensive performance reporting and risk management.

The current investment portfolio, valued at approximately \$80 million, is largely held in short-term securities and certificates of deposit (CDs). Outsourcing to an external firm will also provide benefits such as better investment options, portfolio management, and the ability to rebalance investments effectively. The RFP will allow for flexibility in fee structures, including fixed, variable, or performance-based fees, and negotiations will take place once proposals are received.

SAWPA anticipates reviewing the proposals with the Member Agency financial staff before bringing the RFP back for approval, likely in February or March. This initiative aims to support the Finance Department in its operations while preparing for the transition of CFOs.

Vice Chair Gardner noted that Western recently went through an RFP for investment management services, and some of your other member agencies may have done the same recently. The member agency CFOs could be a great resource to help structure the RFP and recommend firms to ensure it reaches the right candidates. Their insights will be valuable as you move forward with the RFP process.

Commissioner Botello asked how the RFP will be solicited. Ms. Williams noted by relying on recommendations from the member agencies and using PlanetBids to distribute as well as

posting on SAWPA's website. As for the review process, she plans to reach out to the member agencies to see if they would be interested in participating in reviewing the RFPs and be part of the interview panel.

This item is to receive and file; no action was taken on agenda item no. 7.D.

E. CLASSIFICATION AND COMPENSATION STUDY UPDATE (CM#2025.5)

Jeff Mosher provided a presentation on the Classification and Compensation Study Update, contained in the agenda packet on page 127-134. Ralph Andersen & Associates conducted a compensation study to assess various positions at SAWPA, the general managers raised questions about the composition of the survey agencies. Initially, there were 12 agencies included in the study, which was reviewed last fall. Based on feedback, it was suggested some changes to make the survey more representative. The recommendation is to remove larger agencies, which may have more complex structures than SAWPA, and replace them with agencies that are Joint Powers Authorities (JPAs) with a similar scope and size to SAWPA.

The proposed changes involve removing four (4) large agencies Riverside County, Irvine Ranch Water District, Eastern Municipal Water District, and Inland Empire Utility Agencies and replacing them with six (6) JPAs that are more comparable to SAWPA in terms of employee size and operational scope. These agencies include the Big Bear Regional Wastewater Authority, Water Facilities Authority, Encina Wastewater Authority, South Orange Coast Wastewater Authority, San Elijo Joint Powers Authority, and Sweetwater Authority.

In terms of resource impact, we would need Ralph Anderson Associates to update the study to include these new agencies. The estimated cost is about \$1,000 per agency, totaling an additional \$6,000, for which we have budgeted.

MOVED, to approve the removal of four (4) labor market survey agencies and the addition of six (6) labor market survey agencies from the Classification and Compensation Study being conducted by Ralph Andersen & Associates.

Result:	Adopted by Roll Call Vote
Motion/Second:	Paule/Botello
Ayes:	Bilodeau, Botello, Gardner, Hall, Paule
Nays:	None
Abstentions:	None
Absent:	None

8. INFORMATIONAL REPORTS

Recommendation: Receive for Information.

A. CASH TRANSACTIONS REPORT – NOVEMBER 2024

Presenter: Karen Williams

B. INTER-FUND BORROWING – NOVEMBER 2024 (CM#2025.6)

Presenter: Karen Williams

C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – NOVEMBER 2024 (CM#2025.7)

Presenter: Karen Williams

D. PROJECT AGREEMENT 25 – OWOW FUND – FINANCIAL REPORT, OCTOBER 2024

Presenter: Karen Williams

E. PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, OCTOBER 2024

Presenter: Karen Williams

F. STATE LEGISLATIVE REPORT

Presenter: Jeff Mosher

G. GENERAL MANAGER REPORT

Jeff Mosher informed the Commission that the Rotation of Officers will be held at the February 4th meeting. The new office positions will be as follows, Commissioner Gardner will serve as Chair, Commissioner Botello as Vice Chair, and Commissioner Paule will take on the role of Secretary/Treasurer. Mr. Mosher also noted that staff will be presenting the results of the Brine Line Master Plan. This is an important presentation, as we will not only discuss the findings but also the proposed studies that will be considered for inclusion in the budget.

H. CHAIR’S COMMENTS/REPORT

There were no Chair comments received.

I. COMMISSIONERS’ COMMENTS

Commissioner Botello commended staff for the informational reports. Commissioner Paule noted that he has been on EMWD’s Board for 18 years and has never had the opportunity to serve on the SAWPA Commission and is happy to be a participant. Commissioner Bilodeau noted that this is his third term on SAWPA and is looking forward to another term.

J. COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS

Vice Chair Gardner requested two (2) future agenda items for discussion on Senate Bill 72, and whether SAWPA wishes to support it. Additionally, to look into whether the Commission wishes to issue an RFP for general counsel services.

9. CLOSED SESSION

There was no Closed Session.

10. ADJOURNMENT

There being no further business for review, Vice Chair Mike Gardner adjourned the meeting at 11:32 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, February 4, 2025.

Mike Gardner, Vice Chair

Attest:

Sara Villa, Clerk of the Board

COMMISSION MEMORANDUM NO. 2025.8

DATE: February 4, 2025
TO: SAWPA Commission
SUBJECT: Rotation of Officers and Commission Appointments
PREPARED BY: Jeffrey J. Mosher, General Manager

RECOMMENDATION

It is recommended that the Commission:

- (1) Authorize the rotation of officers in accordance with the historical rotation provisions of Resolution No. 355, and appoint the WMWD Representative as Commission Chair, the SBVMWD Representative as Commission Vice Chair, and EMWD Representative as Commission Secretary-Treasurer; and
- (2) Acknowledge the rotation of representatives to the One Water One Watershed (OWOW) Steering Committee and the Vice Chair serving as Convener as set forth in Resolution No. 2018-1; and
- (3) Adopt Resolution No. 2025-1 appointing two Commissioners (primary and alternate) to the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) Board of Directors as the SAWPA representatives.

DISCUSSION

Rotation of Officers:

SAWPA Resolution No. 355 calls for the rotation of officers in the beginning of each odd-numbered year, stating that it is the non-binding intention of the Commission to rotate the positions of Chair, Vice Chair and Secretary-Treasurer among the member agencies. The historical rotation of officers among the member agencies is as follows:

Historical Rotation of SAWPA Officers			
Year	Chair	Vice Chair	Secretary-Treasurer
1998	IEUA	OCWD	WMWD
2001	OCWD	WMWD	SBVMWD
2003	WMWD	SMVMWD	EMWD
2005	SBVMWD	EMWD	IEUA
2007	EMWD	IEUA	OCWD
2009	IEUA	OCWD	WMWD
2013	OCWD	WMWD	SBVMWD
2015	WMWD	SBVMWD	EMWD
2017	SBVMWD	EMWD	IEUA
2019	EMWD	IEUA	OCWD
2021	IEUA	OCWD	WMWD
2023	OCWD	WMWD	SBVMWD
2025	WMWD	SBVMWD	EMWD

In keeping with the historical rotation, the Chair would be the Commissioner from WMWD, the Vice Chair would be the Commissioner from SBVMWD, and the Secretary-Treasurer would be the Commissioner from EMWD. Election of officers may be conducted by a single blanket motion for all three positions.

Other Commission Appointments:

One Water One Watershed (OWOW) Steering Committee

The OWOW Steering Committee (OWOW Committee) membership is comprised of eleven (11) individuals from three counties (Riverside, San Bernardino and Orange); two members are SAWPA Commission representatives selected by the SAWPA Commission.

On February 6, 2018, the Commission adopted Resolution No. 2018-1 appointing to the OWOW Steering Committee the Commissioner from the member agencies whose board member has been appointed as Vice Chair and Secretary-Treasurer, with the Vice Chair also serving as OWOW Committee Convener. Should either/both the Vice Chair and/or the Secretary-Treasurer be unavailable to serve for all or a portion of said four-year term, the Commission shall appoint another SAWPA Commissioner in accordance with the provisions of Resolution No. 2018-1.

Lake Elsinore and San Jacinto Watersheds Authority (LESJWA)

The Commission is required by the Joint Exercise of Powers Agreement creating the Lake Elsinore and San Jacinto Watersheds Authority ("LESJWA") to appoint two SAWPA Commissioners (primary and alternate) to LESJWA's Board of Directors to represent SAWPA for a two-year term. The current representative is Brenda Dennstedt, Western Municipal Water District; she has served for five consecutive two-year terms.

RESOURCE IMPACTS

None.

Attachments:

1. Resolution No. 355
2. Resolution No. 2018-1
3. Resolution No. 2025-1

RESOLUTION NO. 355

A RESOLUTION OF THE COMMISSION OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
ESTABLISHING A PROCEDURE FOR THE
ELECTION OF COMMISSION OFFICERS

WHEREAS, pursuant to Paragraph 20 of the Joint Exercise of Powers Agreement, as modified by Amendment No. 3 to the Joint Exercise of Powers Agreement adopted in 1997, the Commission of the Santa Ana Watershed Project Authority ("SAWPA") shall elect from its membership a Chair, Vice-Chair, Secretary and Treasurer; and

WHEREAS, pursuant to Paragraph 17 of the SAWPA's Joint Exercise of Powers Agreement, the Commission may adopt, from time to time, such rules and regulations for the conduct of its affairs as may be required; and

WHEREAS, SAWPA's Commission desires to establish a procedure for the election of its officers including the establishment of a two-year term for such officers and further desires to maintain the consolidation of the offices of Secretary and Treasurer into one position as Secretary-Treasurer.

NOW, THEREFORE, the Commission hereby resolves as follows:

1. Consolidation Of The Offices Of Secretary and Treasurer: As permitted by Section 71342 of the Water Code, the Commission maintains the consolidation of the offices of Secretary and Treasurer into one position as Secretary-Treasurer.

2. Term Of Office: The term of office for the positions of Chair, Vice-Chair, and Secretary-Treasurer shall be two years commencing with the first regular or special Commission meeting in January.

3. Qualifications: Only those Commissioners' who are also directors on SAWPA's member agencies' governing boards shall serve as SAWPA Commission officers.

4. Elections: The election of officers (i.e., Chair, Vice- Chair and Secretary-Treasurer) shall be conducted every two years at the regular or special Commission meeting held in January and may be conducted by a single blanket motion for all three positions.

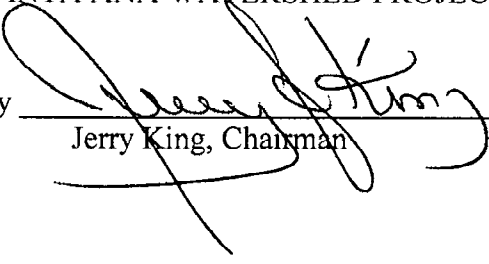
5. Rotation Of Officers: It is the non-binding intention of the Commission to rotate the positions of Chair, Vice-Chair and Secretary-Treasurer among the member agencies. The Chair will be a Commissioner from the Orange County Water District, the Vice-Chair will be a Commissioner from the Western Municipal Water District of Riverside County, and the Secretary-Treasurer will be a Commissioner from the Eastern Municipal Water District. Thereafter, the order of succession will be San Bernardino Valley Municipal Water District and Inland Empire Utilities Agency.

6. Retroactive Application Of This Resolution: This resolution shall be effective retroactively to January 2001, and shall apply to the existing officers. Resolution No. 297 adopted on August 12, 1997, is hereby rescinded and superseded by the adoption of this resolution.

Approved and adopted this 15th day of May 2001.

SANTA ANA WATERSHED PROJECT AUTHORITY

By



A handwritten signature in black ink, appearing to read "Jerry King", is written over a horizontal line. The signature is stylized and cursive.

Jerry King, Chairman

RESOLUTION NO. 2018-1

**A RESOLUTION OF THE COMMISSIONERS OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY ESTABLISHING
A ROTATION OF APPOINTMENTS TO THE ONE WATER, ONE WATERSHED
(OWOW) STEERING COMMITTEE
AND RESCINDING RESOLUTION NO. 2017-12**

WHEREAS, the SAWPA Commission established and convened the OWOW Steering Committee in 2008 to provide oversight for the development and implementation of the OWOW Plan through a regional stakeholder process;

WHEREAS, the SAWPA Commission approved an amended governance document defining the OWOW Steering Committee roles and membership in January 2013;

WHEREAS, the governance document provides OWOW Steering Committee members shall be appointed to serve terms of four (4) years with staggered end dates;

WHEREAS, the governance document provides for two members of the SAWPA Commission to be appointed to the OWOW Steering Committee by the SAWPA Commission;

WHEREAS, the SAWPA Commission has established a historical rotation of officers among the member agencies;

WHEREAS, the SAWPA Commission desires that SAWPA's participation in the OWOW Steering Committee be shared by Commissioners on the same rotational basis of member agencies as the historical rotation of officers; and

WHEREAS, the SAWPA Commission desires to provide direction should a Commissioner be unavailable to attend OWOW Steering Committee meetings.

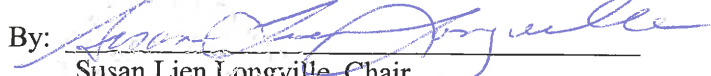
NOW THEREFORE, the SAWPA Commission hereby resolves as follows:

1. The two SAWPA Commission representatives appointed to the OWOW Steering Committee will henceforth be the Commissioner from the member agencies whose board member has been appointed as Vice Chair and Secretary-Treasurer of the Commission.
3. The Vice Chair of the SAWPA Commission shall serve as the Convener of the OWOW Steering Committee.
4. Should either/both the Vice Chair and/or the Secretary-Treasurer of the Commission be unavailable to serve for all or a portion of said four (4) year term, the Commission shall appoint another SAWPA Commissioner to the OWOW Steering Committee in accordance with the established historical rotation of officers among the member agencies, specify the length of the term to be served or portion thereof, and when applicable designate who will serve as Convener.

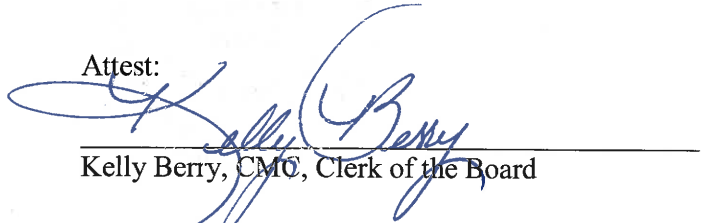
5. Resolution No. 2017-12 is hereby rescinded upon adoption of this Resolution No. 2018-1.

ADOPTED this 6th day of February, 2018.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: 

Susan Lien Longville, Chair

Attest:


Kelly Berry, CMC, Clerk of the Board

RESOLUTION NO. 2025-1

**A RESOLUTION OF THE COMMISSION OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
APPOINTING THE SAWPA REPRESENTATIVES TO THE
LAKE ELSINORE AND SAN JACINTO WATERSHEDS AUTHORITY**

WHEREAS, the Commission of the Santa Ana Watershed Project Authority (“SAWPA”) is required by the Joint Exercise of Powers Agreement creating the Lake Elsinore and San Jacinto Watersheds Authority (“LESJWA”) to appoint two Directors to LESJWA’s Board of Directors to represent SAWPA.

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Santa Ana Watershed Project Authority hereby confirms the following appointments of:

xxxx as the primary and **xxxx** as the alternate to serve as the SAWPA Representatives to the LESJWA Board of Directors.

ADOPTED this 4th day of February, 2025.

SANTA ANA WATERSHED PROJECT AUTHORITY

Mike Gardner, Chair

Attest:

Sara Villa, Clerk of the Board

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COMMISSION MEMORANDUM NO. 2025.9

DATE: February 4, 2025
TO: SAWPA Commission
SUBJECT: Commissioner Compensation
PREPARED BY: Karen Williams, Deputy General Manager/CFO

RECOMMENDATION

Regarding Commissioner compensation effective January 2025:

- (1) Allow the per day of service rate to increase automatically by 5% (from \$260 to \$270) effective January 2025; or
- (2) Adopt Resolution No. 2025-2 prohibiting the automatic increase of 5% in the per day of service rate effective January 2025 and maintaining the current rate of \$260.

DISCUSSION

On March 7, 2017, the Commission adopted Ordinance No. 2017-01 setting the per day of service compensation which may be received by the Commissioners and Alternates, not to exceed a total of six (6) days of service in any calendar month. A copy of Ordinance No. 2017-01 is attached for convenient reference.

The current per day of service compensation amount is \$260. In accordance with Ordinance No. 2017-01, the compensation amount will automatically increase to \$270 beginning in January 2025. Alternatively, the Commission may elect not to receive an increase by adopting the attached Resolution No. 2025-2.

Staff has provided both options and seeks direction regarding the rate increase effective January 2025.

RESOURCE IMPACTS

Funding has been allotted under the current budget.

Attachments:

1. Ordinance No. 2017-01
2. Resolution No. 2025-2

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ORDINANCE NO. 2017-01

**AN ORDINANCE OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
AUTHORIZING THE INCREASE IN THE AMOUNT OF
COMPENSATION PAID TO COMMISSIONERS**

Having conducted a public hearing on March 7, 2017 at 11615 Sterling Avenue, Riverside, California, in order for the public to have the opportunity to be heard to protest against, and to present their respective comments to the Commission of the Santa Ana Watershed Project Authority (SAWPA), the Commission being the governing board of the agency, regarding the proposed adoption of this Ordinance, notice of the public hearing having been published on February 14 and February 21, 2017, in the Riverside Press-Enterprise and the Orange County Register, newspapers printed, published and circulated within the service area of SAWPA, be it ordained by the Commission of SAWPA hereby ordains as follows:

Section 1. In accordance with Section 20202 of the Water Code, on the effective date of this Ordinance the compensation which may be received by the members and alternates of the Commission shall be \$200 per day of service, per Section 53232.1 of the Government Code and as defined by the Commission in a publicly adopted policy.

Section 2. Each calendar year following the adoption of this Ordinance, the compensation which may be received by Commissioners shall automatically be increased by 5% (\$10) per calendar year beginning in January, 2018, unless the Commission by resolution elects not to receive such an increase. Action by the Commission to resolve not to receive an increase in any one year will not affect the automatic increase the following calendar year.

Section 3. Each Commissioner or Alternate Commissioner shall also be entitled to be reimbursed for reasonable travel expenses, including mileage and meals, incurred in the performance of his or her duties required or authorized by the Commission, not to exceed expenses associated with six service days in any calendar month, and as further defined in a policy publicly adopted by the Commission.

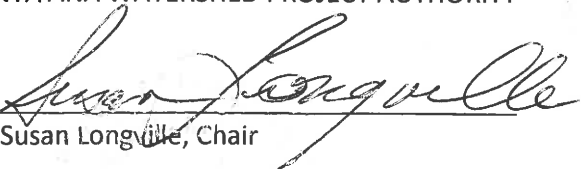
Section 4. The compensation authorized by this Ordinance shall not exceed payment for a total of six days of service in any calendar month.

Section 5. On the effective date of this Ordinance 2017-01, it shall supersede Ordinance 1997-2.

Section 6. In accordance with Section 20204 of the Water Code, this Ordinance shall become effective 60 days from the date of its passage.

Adopted and enacted this 7th day of March, 2017.

SANTA ANA WATERSHED PROJECT AUTHORITY

By 
Susan Longville, Chair

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RESOLUTION NO. 2025-2

**A RESOLUTION OF THE COMMISSION OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
PROHIBITING THE INCREASE IN THE AMOUNT OF
PER DAY OF SERVICE RATE PAID TO COMMISSIONERS**

WHEREAS, the Commission of the Santa Ana Watershed Project Authority (“SAWPA”) adopted and enacted Ordinance No. 2017-01 authorizing the increase in the amount of compensation paid to Commissioners and Alternate Commissioners;

WHEREAS, the compensation which may be received by Commissioners and Alternate Commissioners was set at \$200 per day of service;

WHEREAS, each calendar year following the adoption of Ordinance No. 2017-01, the compensation which may be received by Commissioners and Alternate Commissioners shall automatically increase by 5% (\$10) per calendar year, unless the Commission by resolution elects not to receive such an increase.

WHEREAS, the current per day of service compensation is \$260;

WHEREAS, the Commission desires to prohibit the automatic 5% increase effective January 2025 and to maintain the current per day of service rate of \$260.

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Santa Ana Watershed Project Authority hereby resolves as follows:

1. The per day of service rate shall be maintained at \$260 from January 2025 through December 31, 2025; and,
2. This action will not affect the automatic increase effective January 2026.

ADOPTED this 4th day of February, 2025.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: _____
Chair

Attest:

Sara Villa, Clerk of the Board

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COMMISSION MEMORANDUM NO. 2025.10

DATE: February 4, 2025
TO: SAWPA Commission
SUBJECT: Audit Services Contract Extension
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission authorize the issuance of a Task Order with C.J. Brown & Company, CPAs (formerly Fedak & Brown LLP), for audit services and extend the current contract for an additional two (2) years.

DISCUSSION

The current audit relationship with C.J. Brown & Company, CPAs has been in force without interruption since the Agency's audit for the fiscal year ending June 30, 2022. The RFP Proposal and Task Order were in effect for a period of three years with an option to extend the contract an additional two years.

Common practice is to issue an RFP for Audit Services every 3 to 5 years. SAWPA's original contract was for a period of three years with the option to renew the contract for an additional two years. Staff would like to extend the current contract for the additional two years. C.J. Brown & Company, CPAs, has done an excellent job for the Agency for the past three years.

The chart below shows the costs for the additional two-year contract extension.

Task	FYE 2024	FYE 2025	FYE 2026
SAWPA Financial Audit	\$20,860	\$21,290	\$21,720
Single Audit	5,280	5,400	5,480
State Controller's Report	750	750	750
Total	\$26,890	\$22,040	\$22,470
LESJWA Financial Audit	\$5,525	\$5,625	\$5,725

RESOURCE IMPACTS

Costs for audit services will be included in the FY 2025-26 and FY 2026-27 budgets.

Attachments:

- 1) Fedak & Brown LLP Proposal to Provide Audit Services for the Years 2022 Through 2024 and Optional Years 2025 and 2026

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**Certified
Public
Accountants**



**Consultants
& Advisors**



**SANTA ANA WATERSHED
PROJECT AUTHORITY
LAKE ELSINORE & SAN JACINTO
WATERSHEDS AUTHORITY**

**Proposal to Provide Audit Services
For the Years
2022 Through 2024 and
Optional Years 2025 and 2026**

**Christopher J Brown CPA CGMA
Andy Beck, CPA**

6081 Orange Avenue
Cypress, California 90630

1945 Chicago Avenue, Suite C-1
Riverside, California 92507

Phone: (657) 214-2307
Email: chris@fedakbrownllp.com

California BOA License Number: 7723



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- **Cost Proposal - Lake Elsinore and San Jacinto Watersheds Authority**



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

March 16, 2022

To the Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: Proposal for Independent Auditor Services

Dear Board of Commissioners:

We appreciate the opportunity to submit our proposal to provide annual audit services for the Santa Ana Watershed Project Authority and the Lake Elsinore and San Jacinto Watersheds Authority (Authority) for the fiscal years ending June 30, 2022, through 2024, and optional years 2025 and 2026. In response to your inquiry of Fedak & Brown LLP (Firm), we have prepared a proposal that reflects our understanding of the Authority's audit service requirements and that demonstrates our capability and commitment to serve. Our goal is to build a strong partnership with the Authority and demonstrate the highest levels of client service.

We understand that you expect a timely audit service conducted in a professional manner in accordance with audit service standards specific to governmental entities such as yours. We are committed to meet all the requirements you have indicated, and we will issue the reports and meet the timing requirements you have requested. We believe we are uniquely qualified to provide the quality and scope of service that the Authority desires.

Focused on the Special District Industry

Our client service team members are specialists in the governmental special district sector. This means they each focus a substantial portion of their time serving special district governmental clients. We know and understand your organization and the climate within which you work.

Our Firm specializes in auditing Special Districts in the State of California; as a result, this enables our Firm to continuously be immersed in the governmental, financial, and operational issues related to special districts.

Organized to Serve

Our service approach ensures that the Authority will receive the highest quality, personalized service when and where you need it. By tailoring our approach, we guarantee that the Authority will receive timely and attentive service that forms the hallmark of our approach to serving clients. **Our governmental audit and consulting practice accounts for a substantial portion of our Firm's annual services.** Therefore, we have made a substantial commitment and investment to serve our governmental clients.

Organized to Serve, continued

While our governmental experience is substantial, it is not the only factor that sets us apart from other firms; moreover, it is the commitment to utilize our resources and experience for the benefit of our clients.

Our approach to the engagement will be to establish a delivery system for providing a truly exceptional level of service. Each element of that system including staffing, audit approach, communication, and coordination will be examined and refined to fit the needs of the Authority. The hardest to quantify may be the relationship aspect of working with one professional service firm versus another. Because of the service delivery approach, we are recommending and our history of working with many special district governmental units like the Authority's, we are confident that our Firm knows how to address the unique needs of the Authority.

Our staff members assigned to the Authority are experienced governmental professionals that have managed numerous audit and attest engagements. Each of our staff has extensive experience that allows for a new outlook with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the Authority. The choice of an audit firm should be based upon several factors including, but not limited to, staff retention, training programs, proactively addressing governmental industry changes, and adherence to a strict quality control program.

We are confident that we will provide the Authority with consistent staffing over the contract period as the continuity of staff is as important to us as it is to the Authority. We will be committed to the Authority and believe that our audit engagement team is the best selection for the Authority.

Our proposal represents our irrevocable offer for a period of 180 days from the date of this letter to provide audit services to the Authority for the fiscal years ending June 30, 2022, through 2024, and optional years 2025 and 2026. You may contact, Christopher Brown if you have any questions or need additional information. Christopher Brown will be your primary contact during the proposal evaluation period. He may be reached at (657) 214-2307, or by e-mail at chris@fedakbrownllp.com.

We look forward to hearing from you soon.

Cordially,



FEDAK & BROWN LLP
CERTIFIED PUBLIC ACCOUNTANTS

Executive Summary

Audit Engagements

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. The audit engagements will be comprised of the following elements:

- 1. Audit of the Basic Financial Statements of the Authority and Assistance in the Preparation of the Authority's Annual Comprehensive Financial Report;**
- 2. Audit of Federal Awards - Single Audit, as required**
- 3. Preparation of Management Reports for the Authority;**
- 4. Provide guidance and technical assistance to the Authority in implementing Governmental Accounting Standards issued, including Annual Accounting Update Session (as required)**

Previous Audits Engagements

The Government Auditing Standards establishes that auditors should evaluate whether the audited entity must take appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the subject matter, or an assertion about the subject matter, of the examination engagement.

Reporting Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse

The Government Auditing Standards establishes that during the performance of Generally Accepted Governmental Auditing Standards (GAGAS) examination engagements, auditors should report, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant attention of those charge with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement; and (4) abuse that has a material effect on the subject matter of the examination engagement.

Also, Government Auditing Standards requires an additional reporting standard that auditors must follow. It requires the auditor to communicate his/her responsibility in a financial statement audit, including responsibilities for testing and reporting on internal controls and compliance with laws and regulations.

Commitment to the Highest Professional Standards

Our Firm is committed to the highest professional standards and our client service teams are fully versed in current professional guidance. Our Firm's extensive experience translates into a service approach that includes providing clients the educational tools to properly implement new accounting pronouncements. We encourage our clients to reach out with questions they may have. ***Our client service teams were integral to the implementation of Governmental Accounting Standards Board (GASB) No. 75 and 68 for our clients throughout the State of California and are prepared to provide assistance as the implementation date for GASB No. 87 approaches.*** Our client service approach includes review and assistance with current and pending GASB pronouncements.

Firm Qualifications and Experience

Identification of Proposer and Geographic Location to the Authority

Fedak & Brown LLP, is a full-service firm licensed to practice in the State of California providing accounting, audit, and consulting services for governmental and commercial enterprises, as well as extensive tax planning for domestic and international entities throughout the State of California. Our Governmental Services personnel are trained professionals with extensive experience in governmental accounting, auditing, and consulting services with offices in Riverside and Cypress, California.

Your main contact will be Mr. Christopher Brown. Our contact information can be located on our letterhead. All of the work for the Authority will be staffed directly out of our Riverside and Cypress offices and will not be subcontracted to any other firm.

Our Firm is fully automated in-house and utilizes current technology and software on all audit engagements. We utilize CCH ProSystems *fx* Engagement ® Audit Software.

Professional Education

It is a requirement of the State Board of Accountancy for all public accounting firms who are involved in governmental auditing to allocate a specific portion of continuing education in governmental accounting and auditing every two years. Fedak & Brown LLP has met this requirement for all staff involved with governmental accounting and auditing. Our Firm's strict adherence to these continuing professional education standards ensures the highest quality of staff assigned to the Authority's audit over the term of our agreement. Our Firm also requires that all personnel at all organizational levels adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, California State Society of CPAs, State Board of Accountancy, State Statute, and in some cases, the Securities and Exchange Commission and other regulatory agencies. Fedak & Brown LLP has never been the object of any disciplinary action in its entire existence.

Experience and Technical Competence

We have prepared a listing of some of our governmental audit clients on the previous page. We believe this listing exemplifies that we have significant experience in conducting high-quality audits of local governments and enterprise special districts. Our governmental audit team has significant experience in auditing special district governmental agencies and our team members may have conducted some of these audits over the past year (see next page).

Firm Qualifications and Experience, continued

“We Are Committed to the Governmental Special District Industry!”

The following is a listing of some of our Governmental Special District Clients that our Audit Teams have served by County!

Kern County

*Bear Valley Community Services District
Indian Wells Valley Water District
Stallion Springs Community Services District*

Los Angeles County

*Castaic Lake Water Agency
Crescenta Valley Water District
Greater Los Angeles County Vector Control District
Long Beach Airport
Long Beach Water Department
Palmdale Water District
Palos Verdes Library District
San Gabriel Valley Municipal Water District
Sanitation Districts of LA County
Southern California Library Cooperative
Valley County Water District
Water Replenishment District*

Orange County

*Buena Park Library District
Capistrano Bay Community Services District
East Orange County Water District
El Toro Water District
Irvine Ranch Water District
Mesa Consolidated Water District
Nature Reserve of Orange County
Rossmoor/Los Alamitos Area Sewer District
Santiago County Water District
Southern California Coastal Water Resource Authority
Yorba Linda Water District*

Riverside County

*Beaumont-Cherry Valley Water District
Cabazon Water District
Coachella Valley Mosquito and Vector Control
Desert Recreation District
Edgemont Community Services District
Idyllwild Fire Protection District
Lake Hemet Municipal Water District
Northwest Mosquito and Vector Control
Santa Ana Watershed Project Authority
Temecula Public Cemetery District
Western Municipal Water District*

Santa Barbara County

*Goleta Water District
Montecito Water District
Santa Maria Public Airport Authority
SantaYnez Community Services District
Summerland Sanitary District*

San Bernardino County

*Baldy Mesa Water District
Big Bear City Community Services District
Big River Community Services District
Chino Basin Water Conservation District
Chino Basin Watermaster
Helendale Community Services District
Hi-Desert Water District
Inland Empire Utilities Agency
Joshua Basin Water District
Mojave Water Agency
Monte Vista Water District
Phelan Pinon Hills Community Services District
San Bernardino Valley Water Conservation District
Victor Valley Wastewater Reclamation Authority
Water Facilities Authority - JPA
West Valley Mosquito and Vector Control District
West Valley Water District*

San Diego County

*Leucadia Wastewater District
Public Agency Self-Insurance System
Rincon Del Diablo Water District
Vallecitos Water District*

Ventura County

*Gold Coast Transit
Oxnard Harbor District
Pleasant Valley Recreation and Park District
Saticoy Sanitary District
Triunfo Sanitation District
Ventura County Resource Conservation District
Ventura Regional Sanitation District*

Northern California/Bay Area

*Aromas Water District
Avila Beach Community Services District
Butte County Mosquito and Vector Control District
Central Water District
Coastside County Water District
North Marin Water District
McKinleyville Community Services District
Oakdale Irrigation District
Pajaro Valley Water Management Agency
Purissima Hills Water District
San Lorenzo Valley Water District
Scotts Valley Water District
Solano Irrigation District
Soquel Creek Water District
Westborough Water District*

Firm Qualifications and Experience, continued

Quality Control

The Board of Commissioners of the Authority can measure the quality of the opinions expressed by Fedak & Brown LLP by evaluating the level of professional standards maintained by our Firm as discussed in this proposal. The Board of Commissioners can also measure the performance and quality control of our Firm by evaluating our participation in the profession's peer review process as well as evaluating our Firm's professional standards and quality of work ethic in discussions with our Firm's current client base in the special district industry.

Fedak & Brown LLP is pleased to announce the successful completion of our most recent independent quality review of our accounting and auditing practice, which included a review of specific governmental audit engagements. Our Firm's governmental audit engagements were reviewed as they related to governmental agencies and other special districts in the field of governmental auditing. After a thorough study of our procedures and work practices, the reviewers concluded that our Firm complies with the stringent quality control standards established by the American Institute of Certified Public Accountants (AICPA). Our Firm has received an unmodified opinion in every independent quality review that it has participated in since its inception of the program by the profession.

A team of independent CPAs, who were appointed by the California Society of Certified Public Accountants, conducted the review. Using guidelines established by the AICPA, the reviewers determined that our Firm has an effective quality control system and that our accounting and auditing work conforms to professional standards. Our Firm has not had any clients who have been the subject of any desk reviews. ***Our Firm has never been the subject of any disciplinary action by any State or Federal Agency in its entire existence.***

Our continued participation in required periodic quality reviews, our voluntary membership in the AICPA and California Society of CPAs, as well as our continuing professional education supports our commitment to quality and our high standards for client service.

Fedak & Brown LLP is an equal opportunity employer and certifies that our Firm is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965. Our Firm is committed to affirmative action in hiring practices.

Firm Qualifications and Experience, continued

Marcia J. Hein, CPA

5922 Bromborough Drive
Windsor, CO 80550

Phone: (970) 775-7332 e-mail: marcia@mjh-cpa.com

Report on the Firm's System of Quality Control

April 29, 2019

To the Partners
Fedak & Brown, LLP
and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Fedak & Brown, LLP (the firm) in effect for the year ended September 30, 2018. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, in any.

Peer Reviewer's Responsibility

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of my peer review, I considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of my procedures.

Opinion

In my opinion, the system of quality control for the accounting and auditing practice of Fedak & Brown, LLP in effect for the year ended September 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Fedak & Brown, LLP has received a peer review rating of *pass*.

Marcia J. Hein, CPA

Marcia J. Hein, CPA

Partner, Supervisory, Staff Qualifications and Experience

Summary Qualification of Key Personnel

Our Firm's philosophy is to take a team approach with our clients in conducting our audit engagements. A properly developed, mutually agreeable timeline results in the most efficient engagement. We want you to not only think of us as your auditor, but as a resource to be used whenever the need occurs. Also, it is our Firm's philosophy to have our partners, audit managers and audit supervisors involved in the day-to-day audit details of our clients.

You will have an Engagement Partner as well as a Technical Review Partner, a governmental audit Supervisor assigned to the Authority's audit; in addition, one or more staff accountants (governmental auditing staff only) will be assigned to the audit. All team members work in the field while the audit fieldwork is in process. Each team member has the following responsibilities:

The engagement partner is responsible for all services provided to the Authority. The engagement partner's responsibilities consist of the overall planning, supervision and review of the audit test work, and preparation of the audit report.

The governmental audit manager is responsible for coordinating the audit test work, which includes the on-site supervision of staff, and preparation of the audit report.

Once audit test work is completed, the governmental audit manager will work with the supervisor to complete the reports for the Authority for all recipients. The manager will be your contact throughout the engagement year.

The governmental audit staff accountant will be in the field conducting the audit test work. The staff accountant is responsible for testing internal controls and substantive testing procedures and will interact with your staff at your staff's convenience.

Prior to discussions with your staff, the staff accountant will make sure that all facts have been evaluated to minimize utilizing your staff's time for audit assistance purposes.

Knowledge and Understanding of Local Environment

The engagement team members strive to be experts within the governmental sphere. We keep ourselves apprised of current issues affecting the Authority's operating environment.

Partner Participation

The partner in charge of the audit will be available to attend meetings of the Authority's Administrative/Finance Committee and the Boards of Commissioners to discuss and report on the audit process and the deliverables associated with the audit. We will provide the Authority with accounting advice regarding subjects that could affect the report, particularly those that will directly impact its recipients.

Partner, Supervisory, Staff Qualifications and Experience

CHRISTOPHER J. BROWN, CPA, CGMA MANAGING / ENGAGEMENT PARTNER

Education:	Bachelor of Arts - Business Administration: Finance – California State University, San Bernardino 1995 Accountancy – California State University, San Bernardino 1999
License:	Certified Public Accountant – 2002
Continuing Education	Total hours were over 90 hours in last two years of which 32 were in governmental accounting and auditing subjects. Mr. Brown has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants American Institute of Certified Public Accountants Government Finance Officers Association California Society of Municipal Finance Officers Association
Experience	<p>Christopher J. Brown is a CPA in the State of California and has over eighteen years of experience in public accounting and auditing governmental entities having worked at a national firm. Mr. Brown holds a Bachelor's Degree from California State University, San Bernardino. He has extensive experience in the areas of governmental financial and compliance reporting.</p> <p>Member of Board of Directors – Treasurer, Riverside County Philharmonic</p> <p>Mr. Brown's public accounting experience includes tenure with CPA firm RSM. He is also involved in auditing of governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. Has thorough knowledge in Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act.</p> <p>Mr. Brown has provided significant audit and accounting services to various governmental entities. In these accounting engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures. He has also been involved in the implementation of performance management budgeting and planning processes.</p> <p>He is currently involved on the following major governmental engagements:</p> <ul style="list-style-type: none">➤ Solano Irrigation District➤ Oakdale Irrigation District➤ Tri-Dam Project & Tr-Dam Authority➤ Hi-Desert Water District➤ Indian Wells Valley Water District➤ Monte Vista Water District➤ Joshua Basin Water District➤ Santa Maria Public Airport District➤ Phelan Pinon Hills Community Services District➤ Bear Valley Community Services District

Partner, Supervisory, Staff Qualifications and Experience

ANDY BECK, CPA FIELD PARTNER

Education:	Bachelor of Arts in Economics – University of California, Irvine 2001
License:	Certified Public Accountant – 2008
Continuing Education	Total hours were 90 hours in last two years of which 24 were in governmental accounting and auditing subjects. Mr. Beck has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants
Experience	<p>Over fifteen years of experience in public accounting and auditing governmental entities, not-for-profit organizations, and employee benefit plans. Mr. Beck is involved in 20%-30% of the Special District clients served by our Firm.</p> <p>Andy Beck is a CPA in the State of California and has been in public accounting for approximately 15 years. Mr. Beck holds a Bachelors of Science Degree in Economics from the University of California Irvine. He has extensive experience in the audits of governmental entities.</p> <p>He has been involved on the following governmental special districts engagements:</p> <ul style="list-style-type: none">➤ Pajaro Valley Water Management Agency➤ Victor Valley Wastewater Reclamation Authority➤ Hi-Desert Water District (Water & Wastewater)➤ Mckinleyville Community Services District➤ Avila Beach Community Services District➤ Solano Irrigation District➤ Oakdale Irrigation District➤ Aromas Water District➤ Central Water District➤ San Lorenzo Valley Water District➤ Santa Maria Public Airport District➤ Butte County Mosquito and Vector Control District➤ Antelope Valley Air Quality Management District➤ Mojave Desert Air Quality Management District

Partner, Supervisory, Staff Qualifications and Experience, continued

**CHARLES Z. FEDAK, CPA, MBA
TECHNICAL REVIEW**

Education:	Bachelor of Science – Business Administration: Accountancy – California State University, Long Beach 1973 Master of Business Administration – California State University, Long Beach 1984
License:	Certified Public Accountant - 1983
Continuing Education	Total hours were 136 hours in last two years of which 32 were in governmental accounting and auditing subjects. Mr. Fedak has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants American Institute of Certified Public Accountants National Association of Corporate Directors
Experience	<p>Charles Z. Fedak is a CPA in the State of California and has been in public accounting for forty-two plus years, having worked seven years at the national firm level before starting his own practice in January of 1981. Mr. Fedak holds a Bachelors of Science Degree in Accounting and a Masters in Business Administration from California State University, Long Beach. He has extensive experience in the audits of governmental entities including cities, towns, and special districts, while working at the national firm level as well as in our own Firm.</p> <p>Mr. Fedak’s public accounting experience includes tenure with Big Four CPA Firms, Ernst & Young (“EY”) and KPMG. He is also involved in auditing of governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. He has thorough knowledge of Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act. His work experience also includes tax planning and preparation at the corporate, individual, estate and trust levels.</p> <p>Member of Board of Directors – Molina Healthcare, Inc. (MOH) New York Stock Exchange 2002 – 2019</p> <ul style="list-style-type: none">➤ Chairman, Compensation Committee – MOH; 2002 – 2006➤ Chairman, Audit Committee – MOH; 2004 – 2019 <p>Mr. Fedak has also participated in various tours and educational trips sponsored by the Metropolitan Water District, including the southern section of the Colorado River and the northern portion of the California Delta as they both relate to the State Water Project.</p>

Partner, Supervisory, Staff Qualifications and Experience, continued

**JEFF PALMER
AUDIT SUPERVISOR**

Education: Bachelor of Science – Business Administration: Accountancy & Finance – California State University, Long Beach 2005

License: In Process

Continuing Education: Total hours were 80 hours in last three years of which 32 were in governmental accounting and auditing subjects. Mr. Palmer meets the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants

Experience: Over fourteen years of experience in public accounting and auditing of governmental, private, and non-profit entities. Relevant governmental experience includes cities, special districts, airports, transportation agencies, and public financing authorities. He has extensive experience in conducting financial audits under GAO Yellow Book standards and compliance single audits in accordance with OMB 2 CFR part 200, subpart F. He has assisted clients in implementation and publishing their Comprehensive Annual Financial Reports in compliance with GFOA requirements.

Mr. Palmer has provided significant audit, accounting, and consulting services to various governmental entities. In these accounting and auditing engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures, performance management budgeting and planning processes, financial reviews, and cash management practices. In these consulting engagements, he has provided services including franchise tax compliance reviews, excise tax compliance and reporting reviews, and enterprise utility tax-exempt purchasing reviews.

He has been involved on the following governmental special districts engagements:

- La Puente Valley County Water District
- Monte Vista Water District
- Crescenta Valley Water District
- Orange County Water District
- Indian Wells Valley Water District
- North Marin Water District
- Westborough Water District
- Coastside County Water District
- Mojave Water Agency
- Bighorn Desert View Water Agency
- Santa Maria Public Airport District
- Phelan Pinon Hills Community Services District
- Helendale Community Services District
- Bear Valley Community Services District

References

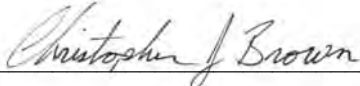
References

Presented below are four client references of officials of California Special Districts and/or agencies. Please do not hesitate to contact these references regarding our Firm and the high level of service we provide.

1. Ms. Cammie Morin, Finance Manager Solano Irrigation District 810 Vaca Valley Parkway, Suite 201 Vacaville, CA 95688	Irrigation District Annual Audit – Financial Statement 707.448.6847 Audit Hours: 160
2. Mr. Jonathan Abadesco, Assist GM, CFO Hi-Desert Water District 55439 29 Palms Hwy. Yucca Valley, CA 92284	Water/Wastewater District Annual Audit (ACFR) 760.365.8333 Audit Hours: 220
3. Ms. Colleen Trask, CFO McKinleyville Community Services District 1656 Sutter Road McKinleyville, CA 95519	Water/Wastewater/Parks District Annual Audit 707.839.3251 Audit Hours: 220
4. Mr. Brian Lockwood, General Manager Pajaro Valley Water Management Agency 36 Brennan Street Watsonville, CA 95076	Water Agency Annual Audit 831.722.9292 Audit Hours: 180

Firm Provided Affirmations

- A. Fedak & Brown LLP affirms that the Firm and all key professional staff are properly registered and licensed or supervised by certified public accountants in good standing duly authorized to practice in the State of California.
- B. Fedak & Brown LLP affirms that the Firm is independent of the District, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.
- C. Fedak & Brown LLP affirms that the Firm currently maintains errors and omissions insurance coverage in the aggregate amount of one million dollars and general liability coverage of two million dollars. The Firm will provide the required insurance coverage and Accord insurance form to the Authority upon acceptance of the audit engagement.
- D. Fedak & Brown LLP affirms that it has the necessary experience to conduct high-quality audits of local government and enterprise special districts and agencies in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and the Single Audit Act. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- E. Fedak & Brown LLP affirms that it will meet your timing requirements to begin and complete the audit of the Authority.
- F. Fedak & Brown LLP affirms that it will staff the audit of the Authority with experienced personnel and not use this audit as training grounds for new staff and that no person designated as “key” to the project shall be removed or replaced without the prior written consent of the Authority.
- G. Fedak & Brown LLP affirms that it has never been the subject of any lawsuits, claims of fraud, malpractice and/or disciplinary action by any State or Federal District in relation to the Firm’s governmental practice in its entire existence.
- H. Fedak & Brown LLP affirms that it has not been censured or disciplined from the State Board of Accountancy.
- I. Fedak & Brown LLP affirms that it will allow the Authority or their designee access to pertinent Authority audit work papers, financial reports, and management letters.
- J. Fedak & Brown LLP affirms that it has never filed bankruptcy, there is no pending litigation against the Firm, there are no planned office closings, there are no impending mergers, and there are no potential labor disputes that may impede us the ability to complete the audit for the Authority.

Signature of Authorized Official: 
Name: Christopher J Brown, CPA CGMA
Title: Managing Partner
Firm: Fedak & Brown LLP
Date: March 16, 2022

Our Specific Approach to your Audit

Specific Audit Approach

Our Firm's audit approach is tailored to each client in the following manner:

- We understand the significant work requirements of our clients. We work with our clients' schedules when scheduling segments of the audit or requesting documentation in order to minimize disruption during the audit process.
- We strive to utilize support already prepared by our clients in order to avoid duplication or unnecessary requests for audit supporting schedules.
- We have implemented a paperless audit process that utilizes CCH ProSystems fx Engagement ® and Practitioners Publishing Company software packages. These platforms provide for greater efficiency within the audit process. In addition, we fully embrace the utilization of data extraction capabilities within a client's reporting system to further increase efficiency and reduce demands on client staff time.
- Our staff is trained and familiar with government accounting and audit concepts, so you will see the difference in working with our professional staff.
- We audit various large and small governmental organizations, allowing us to consult with our clients on implementing various best-practices in their organizations.
- We believe that regular communication is the most important part of the audit process; as a result, we ask that if you ever have any questions about any financial, accounting, or audit issues, please contact us anytime throughout the year.

Interim Audit Planning and Testwork

Planning is necessary to ensure a quality audit, efficient use of professional staff and timely delivery of reports. Adequate planning of the audit is essential to minimize disruption of the ongoing daily operations of the Authority and their recipients. We have developed a comprehensive, efficient planning process. We will begin the planning of the audit upon notification of award of the contract.

Tasks to be accomplished during the planning phase include:

- Conducting an Audit Entrance Conference with the Authority's Board of Commissioners and management to discuss the scope and timing of the audit test work, the availability of the Authority's accounting staff, prior audit problems encountered, the extent of interim audit test work to be performed, the establishment of a liaison for the audit, and the arrangements for workspace and other needs to conduct the audit test work.
- Reviewing the Board minutes, agreements/contracts, and applicable strategy for the audit period.
- Interviewing finance staff regarding internal controls.
- Discussing the status of prior year's audit findings, if any.
- Review of the Authority's internal control structure and communication of recommendations to the Authority's management team concerning Authority policies and procedures.
- Tests of controls of audit areas to determine the effectiveness of the Authority's internal control structure. (Minimum of 25 selections per area – revenue, expenses, payroll, bank reconciliations)
- Evaluation of any unusual items noted from our analytical procedures.
- Reviewing of important contracts, debt issues, leases and joint power agreements.

Our Specific Approach to your Audit, continued

Interim Audit Planning and Testwork, continued

- Providing the Authority with suggestions regarding the closing of the Authority's books after year end. Our assistance and communication in the closing of the Authority's books is expected to minimize the number of audit adjustments required after the close of Authority's books.

After we obtain an understanding of the Authority's internal controls, evaluate their design and implementation and perform our interim test work we will determine the nature, scope, and timing for our final audit test work.

Final Audit Test Work

After the final closing of the Authority's books and preparation of final trial balances and audit supporting schedule by Authority personnel, we will commence performing our *final audit testwork*.

Our final examination will include analysis of critical audit areas which we deem necessary, including:

- Analysis of cash and investment balances to online bank and brokerage websites.
- Analysis of bank reconciliations.
- Analysis of accounts receivable, delinquent balances and relative ratios.
- Analysis of unbilled receivables.
- Analysis of allocations of interest income.
- Analysis and testing of capital assets: construction-in-progress, significant additions/disposals, and related depreciation.
- Analysis of deferred outflows of resources balances and related amortization.
- Analysis of accounts payable.
- Performance of a search for unrecorded liabilities.
- Analysis and testing of valuation of the liabilities for compensated absences.
- Analysis of long term debt balances.
- Analysis of the annual roll-forward of net pension liability balances.
- Analysis of net other post-employment benefit liability (as required)
- Analysis of unearned revenue.
- Analysis of deferred inflows of resources balances and related amortization.
- Analysis of the proper establishment of reserves and designations.
- Analysis of significant grant agreements, awards and contracts.
- Analysis of significant events after year end (through the completion of our audit).
- Analysis of attorney letters for significant legal matters affecting the Authority's financial position.

The abovementioned analysis and inquiries are only a sample of the tests performed during the examination and is not meant to be all inclusive.

Audit Completion

At the completion of the audit each year, we will meet with the Authority's management team to review our audit findings. We will communicate all deficiencies in controls which may assist the Authority in strengthening the internal control structure. Comments and recommendations relating to the accounting system will also be discussed. Finally, we will discuss all findings noted during the engagement. After discussion, the final report will be submitted to the Authority.

Our Specific Approach to your Audit, continued

Identification and Communication of Internal Control Matters

The objective of our audit is to form an opinion on the Authority. Our objective is not to identify deficiencies in internal controls; however, when control deficiencies are identified in the course of our audit and if they constitute significant deficiencies or material weaknesses, we will communicate in writing those deficiencies to those charged with governance and the Authority's management.

Audit Documentation

We will document matters pertaining to our audit planning and audit test work. The audit documentation will clearly demonstrate procedures performed, evidence obtained, and conclusions reached.

Communication with Management and the Board of Commissioners

In addition to our written reports, we believe an oral presentation to the Authority's management, Administrative/Finance Committee, and the Board of Commissioners, to be a minimum service provided by our Firm and would be pleased to schedule a mutually convenient time for such a presentation at the conclusion of the engagement or any time during the progression of the audit.

Other Assistance

Providing management assistance requires more than having talented people on staff; it requires a pro-active approach. First, we assign experienced senior level professionals to our engagements. Our client base of governmental entities and commercial companies demands broad business and industry experience, as well as technical expertise. Those talented professionals have to be exposed to clients and develop an in-depth understanding of particular situations.

Second, we actively look for opportunities to provide assistance. We try to initiate rather than respond. For instance, if we believe a situation is developing, we will approach the client, offer to investigate and provide recommendations. If a formal project to address the problem is required, we will define the approach, execute the assignment and follow through with implementation assistance.

Our Specific Approach to your Audit, continued

Timing of Our Procedures

We understand that the Authority is looking for value in the professional relationship they have with their auditors. Value comes from the knowledge, experience, and dedication that our Firm employs. We stress employs because all of the knowledge and expertise shown on paper will reap no benefit to you unless it is applied. This application equates to time well spent. We have developed an audit plan that we feel will accomplish the objectives of the Authority and will meet your special needs.

In order to accomplish our audit objectives and meet your deadlines for delivery, the sequence and timing of our procedures are critical. Per the Authority's schedule requirements, interim fieldwork will begin in May through June of each year (the Authority's preference of dates) of each year. Final fieldwork will be completed by the beginning of November (the Authority's preference of dates).

Delivery of the financial statements and Management Report no later than November.

In the table that follows, we provide a summary of our planned activities and their timing based on our understanding of Authority requirements:

Timing	Activity
Between March through May May - June	Audit Planning Interim Fieldwork - Conduct audit entrance conference. Perform preliminary procedures including: initial control assessments, minute and contract/major agreement review, major transaction review, conduct EDP review, final controls assessment, determination of specific audit procedures, provide finance department with audit plan and listing of audit schedules required, conduct progress conference with key Finance Personnel. Complete test for Federal Awards (if required). Communication with Authority's Management about interim fieldwork status and any potential findings or issues.
July	Provide a detailed audit plan and list of schedules to be prepared by the Authority'
Mid-September - November	Final Audit Conduct audit exit conference, including discussion of draft AJE's and Management Letter comments (if any).
By Mid-November	Provide draft of the Financial Statements and Management Report.
By the last week of November	Finalize Financial Statements
January of the following year February of the following year State	Controller's Report Final Single Audit (if applicable)



**Certified
Public
Accountants**



**Consultants
& Advisors**



SANTA ANA WATERSHED PROJECT AUTHORITY

Cost Proposal

**For the Years
2022 Through 2024 and
Optional Years 2025 and 2026**

**Christopher J Brown CPA CGMA
Andy Beck, CPA**

6081 Orange Avenue
Cypress, California 90630

1945 Chicago Avenue, Suite C-1
Riverside, California 92507

Phone: (657) 214-2307
Email: chris@fedakbrownllp.com

California BOA License Number: 7723





Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

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6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

March 16, 2022

To the Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: Proposal for Independent Auditor Services

Dear Board of Commissioners:

We are pleased to provide our proposal to provide audit services to the Santa Ana Watershed Project Authority (Authority) based on our understanding of Authority requirements.

We base these fees on the estimated hours using our discounted hourly rates. The components of this proposal including: annual audit services, out-of-pocket costs, single audit (as required), for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026 are itemized in the attached Exhibits.

Our maximum not-to-exceed fee proposal is contingent upon our understanding of your requirements and the assistance we require as noted in our original audit technical proposal.

Additional services not included in this proposal will be based on our discounted billing rates based on the level of experience required. We would execute a separate contract for these services, if they are requested by the Authority.

I am authorized to make representations for Fedak & Brown LLP and am duly authorized to sign a contract with the Authority.

Christopher J Brown, CPA CGMA

March 16, 2022

Date

Exhibit I – Proposed Hours and Our Fees

Proposed Hours and Our Fees

We anticipate that, for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, the audit of the Authority will approximate 170 hours by major area, are summarized as follows:

Breakout of Audit Hours				
Audit Steps	Partner	Mgr/Sup	Staff	Total
Planning	2	5	10	17
Controls Testwork	5	15	20	40
Substantive Testwork	8	30	40	78
Reporting	10	15	10	35
	25	65	80	170

As shown above, we expect approximately 53% of engagement hours to come from Partners, Managers, and Supervisors assigned to the engagement in fiscal year 2022, through 2024, and optional years 2025 and 2026, respectively.

Working on the premise that we will be provided with a year-end trial balance, along with an audit package of reconciled balances and supporting schedules of all balance sheet accounts, we expect to perform the audit of the Authority at fees as stated in the attached Exhibit II -Schedule of Professional Fees on Page 3 for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, respectively.

Our fees are based on the product of the time spent on the engagement and the billing rates of the individuals assigned, plus out-of-pocket costs (such as, report reproductions, typing, postage, travel, copies, telephone, etc.). We will obtain the assistance of the Authority's personnel to the extent possible and otherwise endeavor to keep these charges to a minimum. We will submit progress billings monthly to your office as our work progresses, which will be due and payable thirty days from the date of the invoice.

Based upon the present size and scope of the activities of the Authority, we expect to perform the services enumerated above at our discounted standard hourly rates. Our discounted standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audits. We have provided a breakdown of our current hourly rates, which would apply to this engagement on the attached Exhibit III - Schedule of Fees By Hours on Pages 4 and 5 of this cost proposal.

In accordance with your request for proposal, we will maintain our work papers for at least seven years and make them available to the Authority, state agencies, the General Accounting Office, and other parties upon the direction of the Authority.

We want the Board to understand that we will provide any assistance and answer any questions that the Authority's staff or members of the Board may have when they arise for the entire duration of our contract. We find it important to stay abreast of the Authority's activities and accounting issues during the entire engagement.

We would like to thank you and the Board for the opportunity to submit a proposal for the auditing services of the Authority. Because of our experience in special districts and our interest in the Authority, we will provide you with assistance in your operations as well as meet the audit needs of the organization. We will also continually make recommendations on these and other matters that come to our attention. We are proud of the professional services we provide and encourage you to make inquiries to any of our clients about their satisfaction with our services and the quality of our staff.

Exhibit II – Schedule of Professional Fees

Santa Ana Watershed Project Authority

Engagement Fees By Fiscal Years	Audit Service Fees*	Not-to-Exceed Estimate of Out of Pocket Costs**	State Controller's Report	Total Fee	Additional Items Single Audit (if required)
Fiscal Year 2022	\$ 19,500	500	750	20,750	5,000
Fiscal Year 2023	19,930	500	750	21,180	5,160
Fiscal Year 2024	20,360	500	750	21,610	5,280
Total Three Year Contract Price	\$ 59,790	1,500	2,250	63,540	15,440
Optional Years					
Fiscal Year 2025	20,790	500	750	22,040	5,400
Fiscal Year 2026	21,220	500	750	22,470	5,480

* Professional fiscal audit services fees – labor only.

** Estimate of out-of-pocket costs consist of: travel, mileage, postage and printing costs. Out-of-pocket costs may not be fully utilized.

Please note that any additional services requested by the Authority during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedules.

Exhibit III – Schedule of Fees By Hours

Santa Ana Watershed Project Authority Fiscal Year 2022

Breakdown of Fees by Hours

Fiscal Year 2022 Audit of:	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 160	\$ 4,000
Manager/Supervisor	65	140	9,100
Staff	80	80	6,400
Total Financial Statement Audit for 2022	170		19,500
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2022	176		20,750
Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2022	40	125	5,000

Santa Ana Watershed Project Authority Fiscal Year 2023

Breakdown of Fees by Hours

Fiscal Year 2023 Audit of:	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 163	\$ 4,075
Manager/Supervisor	65	143	9,295
Staff	80	82	6,560
Total Financial Statement Audit for 2023	170		19,930
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2023	176		21,180
Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2023	40	129	5,160

Santa Ana Watershed Project Authority Fiscal Year 2024

Breakdown of Fees by Hours

Fiscal Year 2024 Audit of:	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 166	\$ 4,150
Manager/Supervisor	65	146	9,490
Staff	80	84	6,720
Total Financial Statement Audit for 2024	170		20,360
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2024	176		21,610
Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2024	40	132	5,280

Exhibit III – Schedule of Fees By Hours

Santa Ana Watershed Project Authority Optional - Fiscal Year 2025

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2025 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 169	\$ 4,225
Manager/Supervisor	65	149	9,685
Staff	80	86	6,880
Total Financial Statement Audit for 2025	170		20,790
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2025	176		22,040
 Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2025	40	135	5,400

Santa Ana Watershed Project Authority Optional - Fiscal Year 2026

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2026 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 172	\$ 4,300
Manager/Supervisor	65	152	9,880
Staff	80	88	7,040
Total Financial Statement Audit for 2026	170		21,220
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2026	176		22,470
 Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2026	40	137	5,480

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

Cost Proposal

For the Years

2022 Through 2024 and
Optional Years 2025 and 2026

Christopher J Brown CPA CGMA
Andy Beck, CPA

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**Certified
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**Consultants
& Advisors**





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March 16, 2022

To the Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: Proposal for Continued Independent Auditor Services

Dear Board of Commissioners:

We are pleased to provide our proposal to provide audit services to the Lake Elsinore and San Jacinto Watersheds Authority (Authority) based on our understanding of Authority requirements.

We base these fees on the estimated hours using our discounted hourly rates. The components of this proposal including: annual audit services, out-of-pocket costs, single audit (as required), for the year ending June 30, 2022, through 2024, and optional years 2025 and 2026 are itemized in the attached Exhibits.

Our maximum not-to-exceed fee proposal is contingent upon our understanding of your requirements and the assistance we require as noted in our original audit technical proposal.

Additional services not included in this proposal will be based on our discounted billing rates based on the level of experience required. We would execute a separate contract for these services, if they are requested by the Authority.

I am authorized to make representations for Fedak & Brown LLP and am duly authorized to sign a contract with the Authority.

Christopher J Brown, CPA CGMA

March 16, 2022

Date

Exhibit I – Proposed Hours and Our Fees

Proposed Hours and Our Fees

We anticipate that, for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, the audit of the Authority will approximate 40 hours by major area, are summarized as follows:

Breakout of Audit Hours				
Audit Steps	Partner	Mgr/Sup	Staff	Total
Planning	1	1	2	4
Controls Testwork	1	2	4	7
Substantive Testwork	1	4	6	11
Reporting	2	8	8	18
	5	15	20	40

As shown above, we expect approximately 50% of engagement hours to come from Partners, Managers, and Supervisors assigned to the engagement in fiscal year 2022, through 2024, and optional years 2025 and 2026, respectively.

Working on the premise that we will be provided with a year-end trial balance, along with an audit package of reconciled balances and supporting schedules of all balance sheet accounts, we expect to perform the audit of the Authority at fees as stated in the attached Exhibit II -Schedule of Professional Fees on Page 3 for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, respectively.

Our fees are based on the product of the time spent on the engagement and the billing rates of the individuals assigned, plus out-of-pocket costs (such as, report reproductions, typing, postage, travel, copies, telephone, etc.). We will obtain the assistance of the Authority’s personnel to the extent possible and otherwise endeavor to keep these charges to a minimum. We will submit progress billings monthly to your office as our work progresses, which will be due and payable thirty days from the date of the invoice.

Based upon the present size and scope of the activities of the Authority, we expect to perform the services enumerated above at our discounted standard hourly rates. Our discounted standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audits. We have provided a breakdown of our current hourly rates, which would apply to this engagement on the attached Exhibit III - Schedule of Fees By Hours on Pages 4 and 5 of this cost proposal.

In accordance with your request for proposal, we will maintain our work papers for at least seven years and make them available to the Authority, state agencies, the General Accounting Office, and other parties upon the direction of the Authority.

We want the Board to understand that we will provide **any** assistance and answer **any** questions that the Authority’s staff or members of the Board may have when they arise for the entire duration of our contract. We find it important to stay abreast of the Authority’s activities and accounting issues during the entire engagement.

We would like to thank you and the Board for the opportunity to submit a proposal for the auditing services of the Authority. Because of our experience in special districts and our interest in the Authority, we will provide you with assistance in your operations as well as meet the audit needs of the organization. We will also continually make recommendations on these and other matters that come to our attention. We are proud of the professional services we provide and encourage you to make inquiries to any of our clients about their satisfaction with our services and the quality of our staff.

Exhibit II – Schedule of Professional Fees

Lake Elsinore and San Jacinto Watersheds Authority

<u>Engagement Fees By Fiscal Years</u>	<u>Audit Service Fees*</u>	<u>Not-to-Exceed Estimate of Out of Pocket Costs**</u>	<u>State Controller's Report</u>	<u>Total Fee</u>	<u>Additional Items Single Audit (if required)</u>
Fiscal Year 2022	\$ 4,500	200	625	5,325	5,000
Fiscal Year 2023	4,600	200	625	5,425	5,160
Fiscal Year 2024	4,700	200	625	5,525	5,280
Total Three Year Contract Price	\$ 13,800	600	1,875	16,275	15,440
Optional Years					
Fiscal Year 2025	4,800	200	625	5,625	5,400
Fiscal Year 2026	4,900	200	625	5,725	5,480

* Professional fiscal audit services fees – labor only.

** Estimate of out-of-pocket costs consist of: travel, mileage, postage and printing costs. Out-of-pocket costs may not be fully utilized.

Please note that any additional services requested by the Authority during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedules.

Exhibit III – Schedule of Fees By Hours

Lake Elsinore and San Jacinto Watersheds Authority Fiscal Year 2022

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2022 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 160	\$ 800
Manager/Supervisor	15	140	2,100
Staff	20	80	1,600
Total Financial Statement Audit for 2022	40		4,500
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2022	45		5,325

Additional Item Asked to be Priced by the Authority

Single Audit of Federal Awards (as required) 2022	40	125	5,000
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Lake Elsinore and San Jacinto Watersheds Authority Fiscal Year 2023

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2023 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 163	\$ 815
Manager/Supervisor	15	143	2,145
Staff	20	82	1,640
Total Financial Statement Audit for 2023	40		4,600
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2023	45		5,425

Additional Item Asked to be Priced by the Authority

Single Audit of Federal Awards (as required) 2023	40	129	5,160
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Lake Elsinore and San Jacinto Watersheds Authority Fiscal Year 2024

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2024 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 166	\$ 830
Manager/Supervisor	15	146	2,190
Staff	20	84	1,680
Total Financial Statement Audit for 2024	40		4,700
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2024	45		5,525

Additional Item Asked to be Priced by the Authority

Single Audit of Federal Awards (as required) 2024	40	132	5,280
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Exhibit III – Schedule of Fees By Hours

**Lake Elsinore and San Jacinto Watersheds Authority
Optional - Fiscal Year 2025**

Breakdown of Fees by Hours

	Hours		Hourly Rates		Total
Fiscal Year 2025 Audit of:					
Authority's Annual Comprehensive Financial Report					
Partner - Engagement & Technical	5	\$	169	\$	845
Manager/Supervisor	15		149		2,235
Staff	20		86		1,720
Total Financial Statement Audit for 2025	40				4,800
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)					200
Preparation of the Authority's State Controller's Report	5		125		625
Total Fee for 2025	45				5,625
 Additional Item Asked to be Priced by the Authority					
Single Audit of Federal Awards (as required) 2025	40		135		5,400

**Lake Elsinore and San Jacinto Watersheds Authority
Optional - Fiscal Year 2026**

Breakdown of Fees by Hours

	Hours		Hourly Rates		Total
Fiscal Year 2026 Audit of:					
Authority's Annual Comprehensive Financial Report					
Partner - Engagement & Technical	5	\$	172	\$	860
Manager/Supervisor	15		152		2,280
Staff	20		88		1,760
Total Financial Statement Audit for 2026	40				4,900
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)					200
Preparation of the Authority's State Controller's Report	5		125		625
Total Fee for 2026	45				5,725
 Additional Item Asked to be Priced by the Authority					
Single Audit of Federal Awards (as required) 2026	40		137		5,480

COMMISSION MEMORANDUM NO. 2025.11

DATE: February 4, 2025

TO: SAWPA Commission

SUBJECT: Santa Ana River Mitigation Bank Update

PREPARED BY: Jeff Mosher, General Manager
(This item is subject to the provisions of Project Agreement 26)

RECOMMENDATION

Receive and file.

DISCUSSION

Background

For over twenty years, SAWPA staff have worked on *Arundo donax* (Arundo) removal projects in the watershed. These projects were funded in part by selling credits from Riverside County Parks and Open-Space District's (RivCo Parks) Santa Ana River Mitigation Bank. The objective of these projects was to remove and maintain the invasive weed in the Santa Ana River Watershed and prevent its regrowth.

In 2002, an agreement was executed between the two agencies that allow SAWPA to receive revenue generated by the Santa Ana River Mitigation Bank, which is owned and operated by RivCo Parks. The U.S. Army Corps of Engineers (USACE) performs regulatory oversight of the Mitigation Bank.

The Santa Ana River Mitigation Bank satisfies the requirements for Clean Water Act Section 404 impacts as it was established in 1996 through an agreement between Riverside County Parks and USACE. RivCo Parks sells credits, once they are certified by USACE, to project proponents (i.e., permittees) and performs habitat enhancement in the physical Mitigation Bank property (which is divided into management units) in lieu of the permittees performing habitat enhancement themselves.

In 2003, SAWPA used \$4M in funding under Prop 13 to purchase 100 credits (equivalent to 100 acres) in the Mitigation Bank based on the 2002 agreement between SAWPA and RivCo Parks. This was done not to invest in the Mitigation Bank but to use revenue from future sales to fund invasive weed removal and related habitat projects across the Santa Ana River Watershed.

SAWPA Resolution 427 and Habitat Restoration Fund Administration Policy, from May 18, 2004 (both provided as attachments), document the policy and approach to disperse funding received from Mitigation Bank credit sales.

Due to sales over time by RivCo Park to permittees for their mitigation needs, ~52 of SAWPA's units have been sold. The remaining units to be sold are ~48.

A number of Arundo removal projects were funded between 2006-2015 and 2023-2025 with the revenue from the 52 previously sold credits. SAWPA currently holds \$670,000 in funding from the previously sold credits.

No credits have been sold (or revenue accrued) since 2015. One reason is that the Mitigation Bank only certifies “Federal environmental” impacts attributed to the National Clean Water Act and not “State environmental” impacts attributed to the California Fish and Game Code. Permittees are likely interested in receiving credits that satisfy both via the same purchase.

Approach to Receive Revenue from Bank

SAWPA is interested in utilizing the funding in the Mitigation Bank for Arundo removal and maintenance projects. A proposed approach to receive the remaining funding from the Mitigation Bank has been developed.

First, the Santa Ana Watershed Association (SAWA) is interested in purchasing ~32 of the remaining 48 credits from the Mitigation Bank. On December 12, 2024, SAWA submitted a memo to the USACE that outlined their approach for purchasing credits from the Mitigation Bank to mitigate past projects.

Second, for the remaining ~16 credits, SAWPA proposes requesting funding from RivCo Parks for the Mitigation Bank.

As a result, including the \$670K in funding SAWPA has from previous sales, SAWPA estimated at least \$2.71M in funding for Arundo removal projects as shown in the table below.

Item	Estimated Revenue for SAWPA	Comments
SAWA to purchase ~32 credits	\$1,400,000	In process.
Unsold Credits (~16) from Riverside County Parks	\$640,000	Does not include interest but interest would be requested.
Current SAWPA Fund Balance	\$670,000	Held by SAWPA.
Total Funding for Arundo Removal Projects	\$2,710,000	

Proposed Plan for Revenue

SAWPA staff proposed using the estimated \$2.71M as the basis for a regional collaborative effort to optimize Arundo removal and leverage available funding. The objective is to work with other stakeholders in the watershed to plan for and fund Arundo removal and maintenance projects within the watershed.

In addition, the funding can be used to identify, develop, and fund other targeted habitat restoration projects within the watershed (i.e., removing invasive species).

The approach involves engaging stakeholders in the watershed to develop strategy and partnerships and to leverage the funding with these partners and with grant opportunities.

The collaboration with other stakeholders would potentially involve:

- Assembling a working group
 - Identify participating/interested agencies/organizations
- Data Collection (location, footprint, entity)
 - Past projects
 - Current and proposed projects
- Assess the need for a Strategic Plan or Strategical Approach for Arundo management
 - Define success
 - Assess best practices and new and novel approaches
 - Develop an optimized and prioritized approach for removal/maintenance
- Develop Tracking Tool
 - Track removal and maintenance efforts
- Leverage efforts/funding through partnerships and grant opportunities
- Fund effective and efficient removal and maintenance projects

RESOURCE IMPACTS

The SAWPA Arundo fund balance would increase to \$2,710,000. The current fund balance is \$670,000 (which considers the current invasive species removal task order with Inland Empire Resource Conservation District, which is focused on Arundo Donax removal in the Upper Santa Ana River Watershed).

Attachments:

- PowerPoint Presentation
- Resolution 427(May 18, 2004)
- Habitat Restoration Fund Administration (May 18, 2004)

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SANTA ANA WATERSHED
PROJECT AUTHORITY

Santa Ana River Mitigation Bank Update

SAWPA Commission Meeting
February 4, 2025

Jeff Mosher
General Manager

Recommendation

- Receive and file.

Purpose of Presentation

- Review background on Riverside County's **Santa Ana River Mitigation Bank**
 - Purpose/role
 - SAWPA's involvement
 - Funding source
- Status/Use of funding generated from the Bank
 - Available credits (48 credits representing ~\$2M)
 - Removal of Arundo in the SAR Watershed
 - Current challenges
- Proposed approach for using revenue from Bank credits
 - Revenue from remaining credits
 - Proposed Plan for the funding from the credits



Note: Numbers on this slide (and rest of PPT) are rounded. For example, SAWPA has 47.756 credits remaining, the presentation uses 48 credits.

Mitigation Bank Background

- Prop 13 State Water Board grant
 - SAWPA purchased **100 credits** in **Riverside County Park's Santa Ana River Mitigation Bank**
 - Purchased in 2004
 - Cost: \$4,000,000 (40,000 per credit)
 - SAWPA Resolution 427 (May 18, 2004) – use of credit sales
- When SAWPA's credits are sold by the Bank:
 - Provides SAWPA with **funding for Arundo removal and maintenance projects** within the Watershed
 - Also, we can identify, develop, and fund **targeted habitat restoration** projects within the Watershed
- Status of Credits:
 - ~52 credits sold between 2024 and 2015 (~48 remain)
 - No credits sold since 2015



Bank Credit Price

- Original Purchase Price: **\$40,000 per credit** (Prop 13 funding)
- Bank set a credit price is **\$45,398** per acre
 - Established by Riverside County Parks
 - Price developed 1990s
- SAWPA receives **\$44,490** in revenue per credit sale
 - 2% less than the credit price
 - 2% is the RivCo admin services fee (per agreement)

Current Project:

Arundo Donax Removal in the Santa Ana River Basin Headwaters

- **Project Partner:** Inland Empire Resource Conservation District (IERCD)
- **Purpose:** Removal of Arundo (and follow up maintenance) in upper areas of the Watershed (see map)
- **Budget:** \$150,000
- **Source of Funding:** SAWPA revenue from Mitigation Bank
- **Status:**
 - Projects runs from 2022-2027
 - 294 stands of Arundo removed to date



Current Status of Credit Funding

Source	Amount	Comment
SAWPA Arundo Fund Balance	~\$670,000	Funding from previously sold credits that SAWPA is holding
Value of Credits in Bank	~\$2,040,000*	Estimated value of 48 credits remaining in Bank
Total	~\$2,710,000	

* We want a plan obtaining the remaining revenue from the Bank

Plan to receive revenue from Bank

Status:

- **No revenue** has been accrued to SAWPA since 2015 from the Bank since 2015 (not a lot of demand)
- SAWPA has ~48 credits remaining (**>\$2M**)

Reminder: SAWPA has 47.756 credits remaining (not an exact 48).

Proposed approach for remaining revenue from Bank:

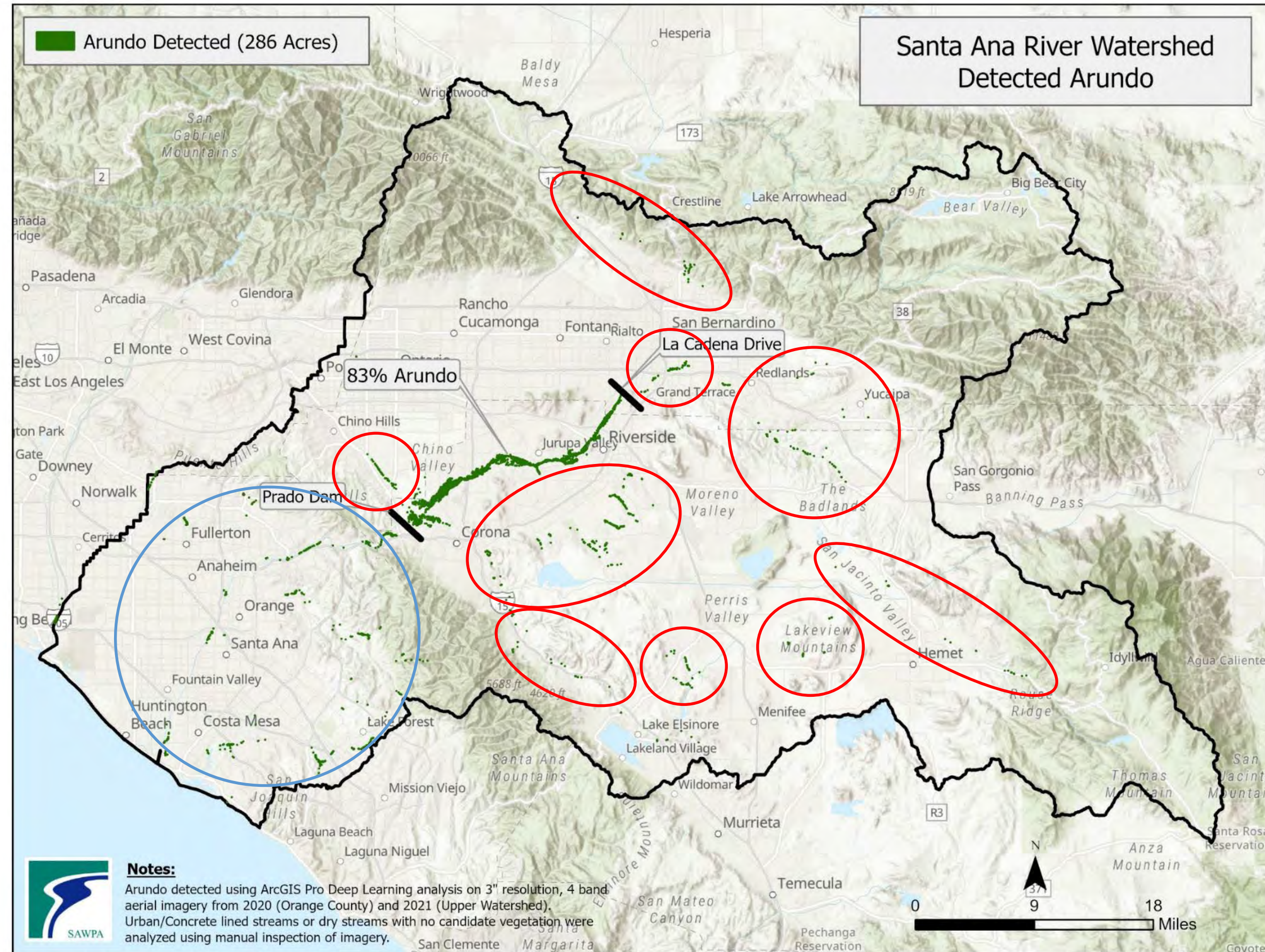
- Sell ~32 of the remaining credits to Santa Ana Watershed Association (SAWA) for **~\$1.4M** (in process)*
- Request funding back from Riverside County Parks for the remaining credits (**~\$643,000**)**

* Other than this purchase by SAWA, there are no additional purchases in the pipeline at the Bank.

** Once this transaction goes through, SAWPA will not have any credits left in the Bank.

Why do we want the funding now?

- Arundo is still pervasive in the watershed
- Mitigation Bank credits have not been purchased since 2015
- Use the funding in the Mitigation Bank funding for:
 - Arundo removal and maintenance projects in the watershed



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Plan For SAWPA's ~48 Mitigation Bank Credits

1. Recent request: Santa Ana Watershed Association (SAWA) is interested in purchasing **31.672 credits** (July 2024)

– **Revenue:** 31.672 credits x \$44,490 per credit = **\$1,409,087**

– **Timing:** February 2026

2. Request funding from RivCo for remaining credits

– **Remaining credits:** 47.756 – 31.672 = 16.074 (in Bank)

– **Value:** \$40,000 x 16.074 = **\$642,960**

– **Timing:** Begin request process in Spring 2025

– **Option:** Leave these credits in Bank (but there is no timeline for getting the revenue – could be years)

SAWA (501c3 nonprofit) restores the natural functions of the watershed by enhancing and restoring the native riparian habitat, removing exotic, invasive species.



Potential Revenue: ~\$2,040,000

Review: Current Funding

Source of Funding	Amount	Comment
SAWPA Arundo Fund Balance	~\$670,000	Funding from previously sold credits that SAWPA is holding
Value of Credits in Bank	~\$2,040,000	Estimated value of ~48 credits remaining in Bank
Total	~\$2,710,000*	

* We want to make a plan for removing/managing Arundo (and/or other invasive species) in the watershed using this funding

Proposed Plan for Bank Revenue

Plan: Regional Arundo Management Collaboration

- **Status quo:** Arundo removal is mainly done on an ad hoc basis
- **Proposal:** Use the ~\$2,710,000 as the basis for a **regional collaborative effort** to optimize Arundo removal and leverage available funding
- **Purpose:**
 - Provide **funding for Arundo removal and maintenance** within the watershed
 - Also, the Prop 13 funding can be used to identify, develop, and fund other **targeted habitat restoration** projects within the Watershed (i.e., removing invasive species)
 - Engage stakeholders in the watershed to develop strategy and partnerships
 - Leverage the funding with other grants

Potential Collaborators

Agency Name	Type
City of Corona (Community Services)	City
City of Jurupa Valley (Community Services Department)	City
Irvine Conservancy	Conservancy
Redlands Conservancy	Conservancy
Rivers and Lands Conservancy	Conservancy
OC Public Works - Environmental Resources	Flood
OC Public Works - Infrastructure Programs	Flood
Riverside County Flood Control and Water Conservation District	Flood
San Bernardino County Flood Control District	Flood
U.S. Army Corps of Engineers	Flood
Cleveland National Forest	Forest
San Bernardino National Forest	Forest
Inland Empire Community Foundation	Nonprofit
California State Parks	Parks
City of Riverside Parks	Parks
County of Orange Parks	Parks
Riverside County Parks and Open-Space District	Parks
San Bernardino County Parks	Parks

Agency Name	Type
Inland Empire Resource Conservation District	RCD
Riverside-Corona Resource Conservation District	RCD
San Jacinto Resource Conservation District	RCD
Santa Ana Watershed Association	Nonprofit
California Department of Fish and Wildlife	Regulatory Agency
Santa Ana Regional Water Quality Control Board	Regulatory Agency
U.S. Fish and Wildlife Service	Regulatory Agency
Southern California Edison	Utility
City of Riverside Public Utilities (RPU)	Water Agency
City of Riverside Public Works	Water Agency
Eastern Municipal Water District	Water Agency
Inland Empire Utilities Agency	Water Agency
Metropolitan Water District	Water Agency
Orange County Water District	Water Agency
San Bernardino Valley Municipal Water District	Water Agency
SAWPA	Water Agency
Western Water	Water Agency

Collaboration Topics (draft – work in progress)

- Assemble working group as a first step
 - Identify participating/interested agencies/organizations
- Data Collection (location, footprint, entity)
 - Past projects
 - Current and proposed projects
- Assess the need for a Strategic Plan or Strategic Approach for Arundo management
 - Define success
 - Assess best practices and new and novel approaches
 - Develop an optimized and prioritized approach for removal/maintenance
- Develop Tracking Tool
 - Track removal and maintenance efforts
- Leverage efforts/funding through partnerships and grant opportunities
- Fund effective and efficient removal and maintenance projects

Summary

Plan For SAWPA's ~48 Mitigation Bank Credits

- 1. Recent development:** Santa Ana Watershed Association (SAWA) is interested in purchasing **31.672 credits** (July 2024)
 - **Revenue:** 31.672 credits x \$44,490 per credit = **\$1,409,087**
 - **Timing:** February 2026
- 2. Request funding from RivCo for remaining credits**
 - **Remaining credits:** 47.756 – 31.672 = 16.074 (in Bank)
 - **Value:** \$40,000 x 16.074 = **\$642,960** (but ask for interest too)
 - **Timing:** Begin request process in Spring 2025
 - **Option:** Leave these credits in Bank (but there is no timeline for getting the revenue – could be years)

SAWA (501c3 nonprofit) restores the natural functions of the watershed by enhancing and restoring the native riparian habitat, removing exotic, invasive species.



Total Revenue: ~\$2,040,000

Plan for Bank Revenue:

Regional Arundo Management Collaboration

- **Proposal:** Use the ~\$2,710,000 as the basis for a **regional collaborative effort** to optimize Arundo removal and leverage funding
- **Purpose:**
 - Provide **funding for Arundo removal and maintenance** within the watershed
 - Also, the Prop 13 funding can be used to identify, develop, and fund other **targeted habitat restoration** projects within the watershed (i.e., removing invasive species)
 - Engage stakeholders in the watershed to develop strategy and partnerships
 - Leverage the funding with other grants

Recommendation

- Receive and file.

Thank You

Jeff Mosher
Santa Ana Watershed Project Authority

sawpa.gov



Background Slides

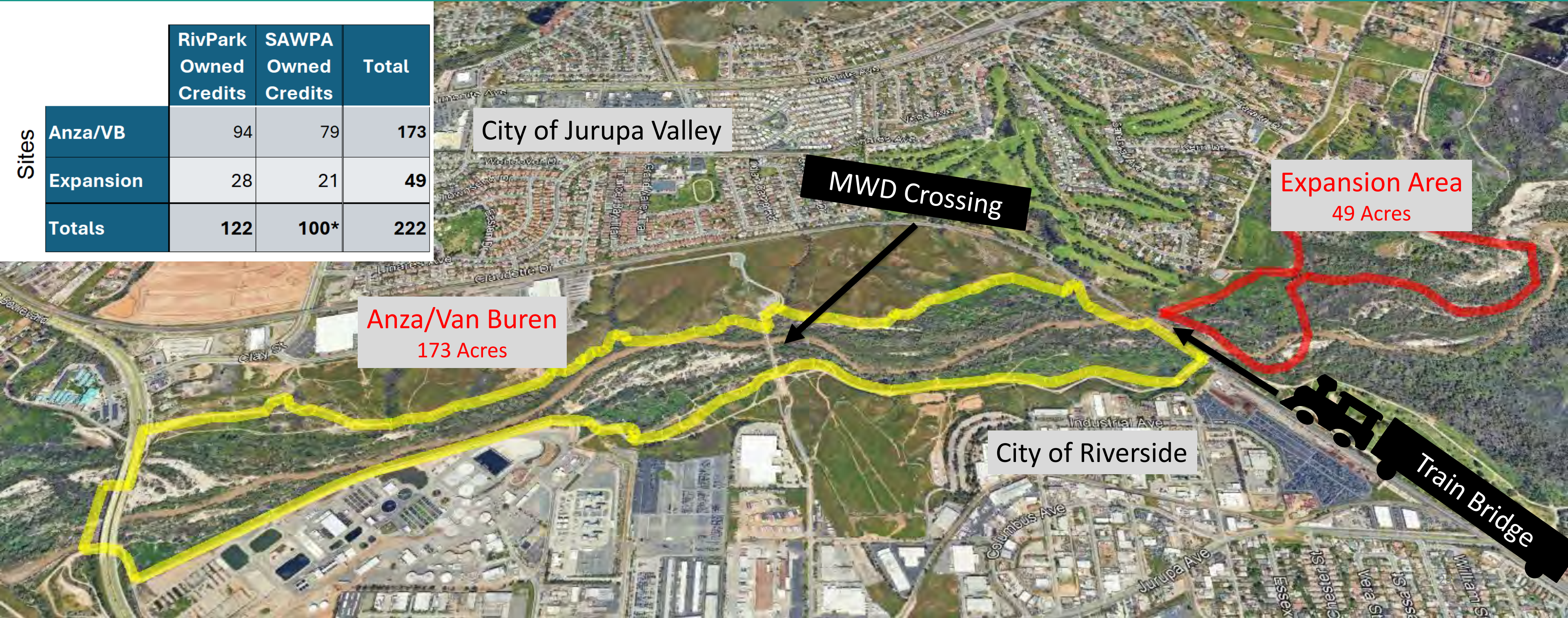
Arundo Donax

- Invasive, non-native plant
- Provides no habitat benefit
- Grows 4 inches per day and up to a total height of 33 feet
- Highly flammable
- Causes flooding by altering flow regimes
- **Consumes large volumes of water from Santa Ana River Watershed**



Mitigation Bank Site in Santa Ana River

Sites	RivPark Owned Credits	SAWPA Owned Credits	Total
Anza/VB	94	79	173
Expansion	28	21	49
Totals	122	100*	222



Anza/Van Buren
173 Acres

Expansion Area
49 Acres

City of Jurupa Valley

City of Riverside

MWD Crossing

Train Bridge

History of Credit/Acre Sales

Entity	Total Credits	Sold	Remaining	Notes
Riverside County Parks	122	94	28	<ul style="list-style-type: none">• Purchased from 1998 to 2004
SAWPA	100	~52	~48	<ul style="list-style-type: none">• 2004 to 2015

Estimated Net Water Savings Calculation

Arundo Water Consumption – Native Vegetation Water Consumption = Water Savings

- Native vegetation consumes an estimated **4 AFY/acre**
- Reported Arundo consumption rates have varied across studies
 - Determined through evapotranspiration (ET) rates



Estimated Net Water Savings Calculation

Arundo Water Consumption – Native Vegetation Water Consumption = Water Savings

- An early paper used the ET value of **rice** to approximate the ET value for Arundo, resulting in a water consumption rate of **7.7 AFY/acre**
- Two newer studies that used direct measurements of **Southern California Arundo** yielded water consumption rates of **24 AFY/acre**
 - Study calculated an original consumption rate of 48 AFY/acre, but determined 24 AFY/acre was more in line with comparable plant species

**7.7 AFY/acre – 4 AFY/acre =
3.7 AF/year/acre = Water Savings**

Iverson
1998

**24 AFY/acre – 4 AFY/acre =
20 AF/year/acre = Water Savings**

Abichandani 2007 &
Cal-IPC 2011

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

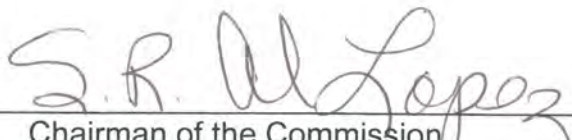
WHEREAS, by this resolution SAWPA intends to adopt a policy consistent with the foregoing intent.

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 18th day of May, 2004.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: 
Chairman of the Commission

Attachment: Exhibit A

Policy Name	Habitat Restoration Fund
Policy Number	04-03
Date/Authorized	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.

**AMENDMENT NO. 1 TO THE
GRANT FUNDING CONTRACT
BETWEEN
SANTA ANA WATERSHED PROJECT AUTHORITY
AND
RIVERSIDE COUNTY REGIONAL PARK & OPEN-SPACE DISTRICT
FOR ARUNDO REMOVAL**

THIS AMENDMENT NO. 1 TO THE GRANT FUNDING CONTRACT is made by and between the SANTA ANA WATERSHED PROJECT AUTHORITY ("SAWPA") whose address is 11615 Sterling Avenue, Riverside, California 92503 and RIVERSIDE COUNTY REGIONAL PARK & OPEN SPACE DISTRICT ("CONSTRUCTING AGENCY") whose address is 4600 Crestmore Road, Riverside, CA 92509-6858.

RECITALS

A. Whereas SAWPA and CONSTRUCTING AGENCY entered into a Grant Funding Contract (the "Contract") on April 12, 2002;

B. Whereas paragraph 10 of Exhibit "C" to the related SAWPA's Project Agreement with the State Water Resources Control Board, dated March 11, 2002, contains a non-discrimination clause based on existing state law, and that paragraph 10 requires that the non-discrimination clause be included in any agreement between SAWPA and the Constructing Agencies; and

C. Whereas it is the intent of SAWPA and CONSTRUCTING AGENCY to amend the above-referenced Contract to include such a non-discrimination clause.

AGREEMENT

NOW THEREFORE in consideration of the foregoing Recitals and the mutual covenants contained herein, the Contract is hereby amended to add a new Section 22 to the Contract's Exhibit A (Grant Funding Contract General Conditions) as follows:

SECTION 22. Non-Discrimination Clause. During the performance of the Agreement and this Amendment, CONSTRUCTING AGENCY, and its subcontractors, shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. CONSTRUCTING AGENCY, and its subcontractors, shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. CONSTRUCTING

AGENCY, and its subcontractors, shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990 et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full. CONSTRUCTING AGENCY, and its subcontractors, shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. CONSTRUCTING AGENCY shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement and this Amendment.

IN WITNESS WHEREOF, the parties have made and executed this Amendment as of the day and year first above written.

AUTHORITY

Dated: September 25, 2003

SANTA ANA WATERSHED PROJECT

By 
P. Joseph Grinstead
General Manager

CONSTRUCTING AGENCY

Dated: October 6, 2003

By Paul Frandsen

Paul Frandsen

Typed Name

General Manager

Title

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COMMISSION MEMORANDUM NO. 2025.12

DATE: February 4, 2025
TO: SAWPA Commission
SUBJECT: Update on Basin Monitoring Task Force – Basin Plan Amendments
PREPARED BY: Rachel Gray, Water Resources and Planning Manager

RECOMMENDATION

Receive and file.

DISCUSSION

SAWPA has served as the Basin Monitoring Program Task Force (Task Force) administrator since the Commission's approval of the August 2004 task force agreement. The Task Force will often assist the Santa Ana Regional Water Quality Control Board (Santa Ana Water Board) on writing certain policy documents such as sections of the Santa Ana River Region's Basin Plan.

Each of the Regional Water Boards, including the Santa Ana Water Board, is required to adopt a Basin Plan to establish: (a) standards to ensure reasonable protection of beneficial uses of surface waters and groundwaters; and (b) a program of implementation that describes the actions necessary to achieve and maintain water quality. The current Basin Plan for the Santa Ana Region was adopted in 1995 and is periodically updated, with the most recent update that the Task Force took the lead on occurring in December 2021.

This current amendment package includes the following edits in two different chapters of the Basin Plan. These edits are intended to be 1) clarifying/non-controversial, 2) "fix" errors and inadvertent omissions, and 3) provide updated data and information on regional projects.

Edits to Chapter 4 "Water Quality Objectives"

- Methylene Blue-Activated Substances (MBAS) corrections (note - the MBAS test is sensitive to the presence of detergents,
- Clarification on determining compliance for Santa Ana River Reaches 2 and 3
 - *Reach 2 - 60-month volume weighted average*
 - *Reach 3 – New definition of baseflow*
- Discretion to compare to alternative approach
 - *Daily TDS calculated from daily EC measurements*
- Clarification regarding Prado Basin Surface Water Management Zone,
- Revisions to Table 4-1.

Edits to Chapter 5 "Implementation"

- Updates to Orange County's Groundwater Replenishment System language,
- Updates to Other Projects and Programs language,
- Revisions to Maximum Benefit Commitments
 - Align ambient groundwater quality determinations with recomputations being done on a five-year basis versus three-year basis,
 - Clarify that responsible agencies may prepare recomputation on their own or contribute to Basin Monitoring Task Force efforts.

Next steps include circulating the revised draft Basin Plan Amendments for review and comment by Task Force members and drafting the related California Environmental Quality Act (CEQA) document. These documents are drafted by Ms. Dunham, with review done by the Task Force members. As with previous Basin Plan amendments, the package of documents is provided to the Santa Ana Water Board for adoption in the form of a resolution at one of their meetings (the CEQA document is certified at the same meeting). The Santa Ana Regional Board then forwards the amendment, and the related Administrative Record, to the California Office of Administrative Law for final approval.

BACKGROUND

Per the Basin Plan (specifically its 2004 Plan Amendment), the Task Force has several major deliverables to the Santa Ana Water Board listed in the table below. There are over twenty parties (e.g. water agencies that operate publicly owned treatment works) to the August 2004 Task Force Agreement who pool funding and staff resources. These parties work as a collective to streamline their compliance with the Basin Plan so their individual water resource projects can be implemented (e.g. projects like publicly owned treatment works that recycle the treated discharged water for use by water agency customers).

Table 1: Major Task Force Deliverables to the Santa Ana Water Board

Formal Deliverable Name	Description/Purpose	Timeline for Completion
Ambient Water Quality Recomputation	Analysis of salt* and nutrients** in Santa Ana River Watershed’s 35 groundwater management zones (over 4,000 wells).	Every three years (going forward it will be done every five years).
Annual Report of Santa Ana River Water Quality	Preparation of Santa Ana River surface water quality report.	Developed annually and submitted by August 1.
Wasteload Allocation Model	Development of a surface discharge allocation to confirm compliance of surface water discharges with ground water quality regulatory requirements.	Performed every ten years.

*Salt is more specifically regulated as the broader pollutant category of total dissolved solids (TDS).

**Nutrients are regulated as Total Inorganic Nitrogen (TIN).

CRITICAL SUCCESS FACTORS

- Goals, scope, costs, resources, timelines, and the contract term are approved by the Commission before executing an agreement to participate in a roundtable group.
- Report and use results of roundtable’s work, leverage information and involvement for the benefit of SAWPA, its members, and other stakeholders.

RESOURCE IMPACTS

No impact.

Attachments:

1. PowerPoint Presentation

Update on Basin Monitoring Task Force – Basin Plan Amendments

February 4, 2025

General Scope of Potential Amendments



Intended to be clarifying/non-controversial



Intended to “fix” errors and inadvertent omissions



Intended to provide updated data and information on regional projects

Proposed Basin Plan Amendments – Chapter 4 Water Quality Objectives

- MBAS corrections
- Clarification re: determining compliance for Santa Ana River Reaches 2 and 3
 - *Reach 2 - 60-month volume weighted average*
 - *Reach 3 – New definition of baseflow*
- Discretion to compare to alternative approach
 - *Daily TDS calculated from daily EC measurements*
- Clarification re: Prado Basin Surface Water Management Zone
- Revisions to Table 4-1

Proposed Basin Plan Amendments – Chapter 5 Implementation

- Updates to Orange County's Groundwater Replenishment System language
- Updates to Other Projects and Programs language
- Revisions to Maximum Benefit Commitments
 - Align ambient groundwater quality determinations with Recomputation being done on a five-year basis versus three-year basis
 - Clarify that responsible agencies may prepare recomputation on their own, or contribute to Basin Monitoring Task Force efforts

Proposed Basin Plan Amendments – Attachment B to R8-2021- 0025

- Salt Management Plan – Monitoring Program Requirements
- *Clarifications re: Santa Ana River Reaches 2 and 3 compliance determinations*

Additional Revisions to TDS/Nitrogen Management

1. Add in summary paragraph re: Water recycling use goals & objectives
2. Add in implementation summary for other sources of TDS & Nitrogen to Groundwater
 - Dairy General Order Language
 - General Order for Irrigated Ag in San Jacinto River Watershed
3. Add in brief summary re: compliance with Antidegradation Policy
4. Update Other Projects and Programs Language (pages 5-34 through 5-38)
5. Update Declaration of Conformance Language (page 5-42)

Activity	Timing
Circulate revised draft Basin Plan Amendments for review & comment	Draft to Task Force – December 31, 2024
Work with Santa Ana Water Board to draft Tribal Consultation Letter and CEQA Scoping Meeting Notice	January 2025
Comments due on revised draft Basin Plan Amendments to I. Achimore and T. Dunham	February 2025
Circulate draft Substitute Environmental Document to Task Force	April 2025
Circulate final draft Basin Plan Amendments to Task Force	April 2025
Comments due on draft Substitute Environmental Document to I. Achimore and T. Dunham	May 2025

Updated Schedule

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SAWPA Communications Report

Date: January 27, 2025

To: Commission

From: Emily Fuentes

Subject: **Communications Highlights – December 1, 2024 – December 30, 2025**

Communications

- SAWPA was recently mentioned in the following press articles:
 - [MyNewsLA](#)
 - [Patch](#)
- The new Senior Communications Specialist, Emily Fuentes, began working at SAWPA on December 9th and was onboarded with collaborative work in several departments.
- Staff designed a reel template to share information about projects like WeCan and RFPs with a higher potential for organic and boosted reach.
- Staff began updating the Communications Plan to expand Brand Guidelines, build and standardize template use, and develop additional communications touchpoints.
- Staff was briefed on and began work on several pertinent projects including cloud seeding response strategies, ensuring ADA compliance across documents, starting work on a cataloged media library, and information on current SEO practices for the website.
- Staff began doing preliminary work for the ICARP project, meeting with partners such as UCR and the Soboba Tribe of Indians.
- Updates were posted to the Authority's social media channels. Follow SAWPA on social media:
 - X: https://twitter.com/SAWPA_Water
 - Instagram: https://www.instagram.com/sawpa_water/
 - LinkedIn: <http://www.linkedin.com/company/santa-ana-watershed-project-authority>
 - YouTube: <https://www.youtube.com/@SAWPATUBE>