



Santa Ana Watershed Project Authority

Sacramento Update

January 21, 2025

Michael Boccadoro &
Beth Olhasso



West Coast Advisors
Strategic Public Affairs

2025 Kickoff

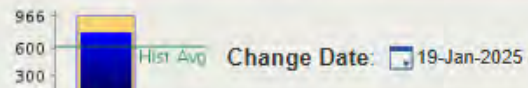
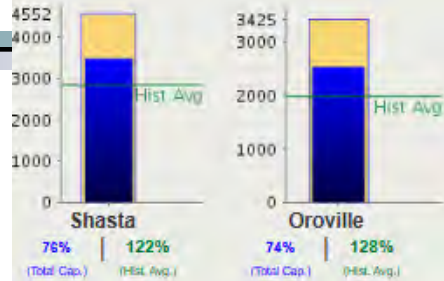
- Legislature Reconvenes (Special and Regular Sessions)
- Committee Assignments Released
- Bill Introduction Deadline- February 14
- State Slipping Back into Dry Conditions
- Wildfire Recovery will Consume 2025
- 2025- the year of Affordability

Drought/Water Supply Update

SWP allocations increased to 15%

CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS: 19-JAN-2025

Data as of Midnight: 19-Jan-2025



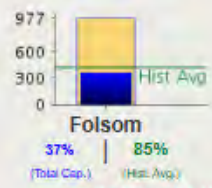
Change Date: 19-Jan-2025

LEGEND

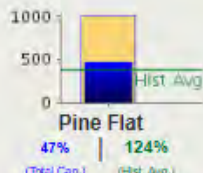
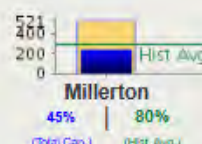
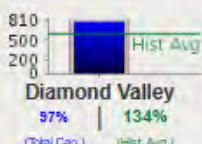
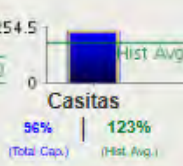
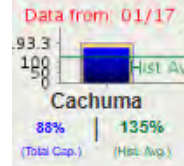
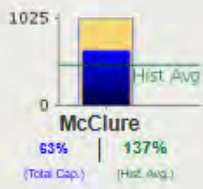
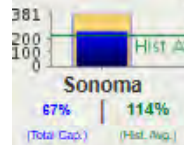
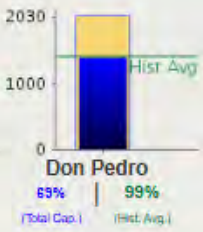
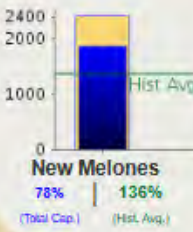
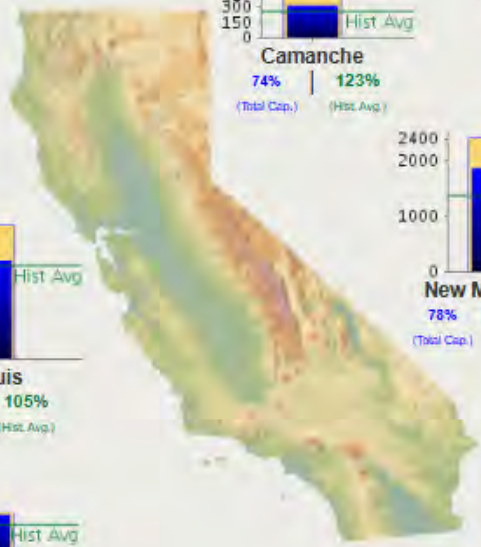
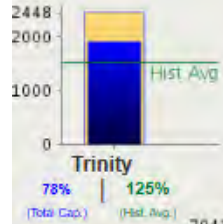
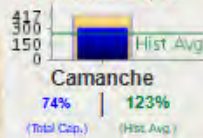
- Blue Bar:** Storage level for date
- Gold Bar:** Total reservoir capacity
- Green Line:** Historic level for date.

Capacity (TAF) | Historical Avg Mark

% of Capacity | % Hist Avg.
(Click res. 3 char. code for details)



Data from: 01/16



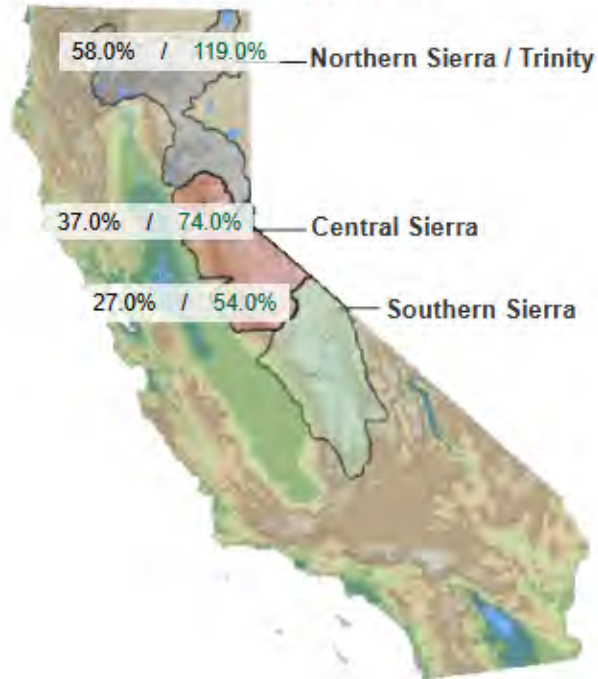
Drought/Water Supply Update

Snow Water Equivalents (inches)

Provided by the California Cooperative Snow Surveys

Data For: 17-Jan-2025

% Apr 1 Avg. / % Normal for this Date



NORTH

Data For: 17-Jan-2025

Number of Stations Reporting 27
Average snow water equivalent 15.4"
Percent of April 1 Average 58%
Percent of normal for this date 119%

CENTRAL

Data For: 17-Jan-2025

Number of Stations Reporting 53
Average snow water equivalent 10.3"
Percent of April 1 Average 37%
Percent of normal for this date 74%

SOUTH

Data For: 17-Jan-2025

Number of Stations Reporting 24
Average snow water equivalent 6.3"
Percent of April 1 Average 27%
Percent of normal for this date 54%

STATEWIDE SUMMARY

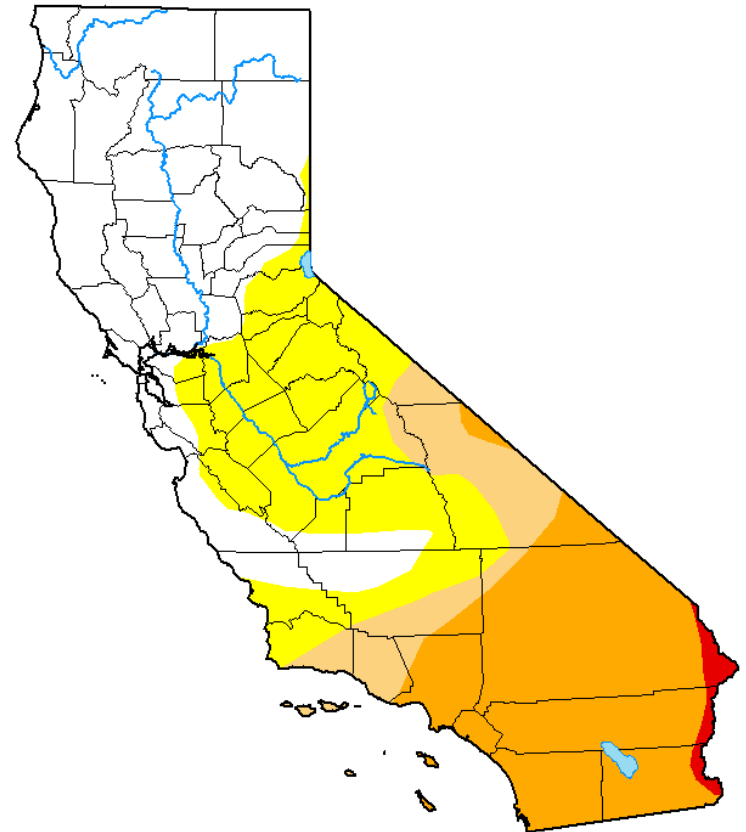
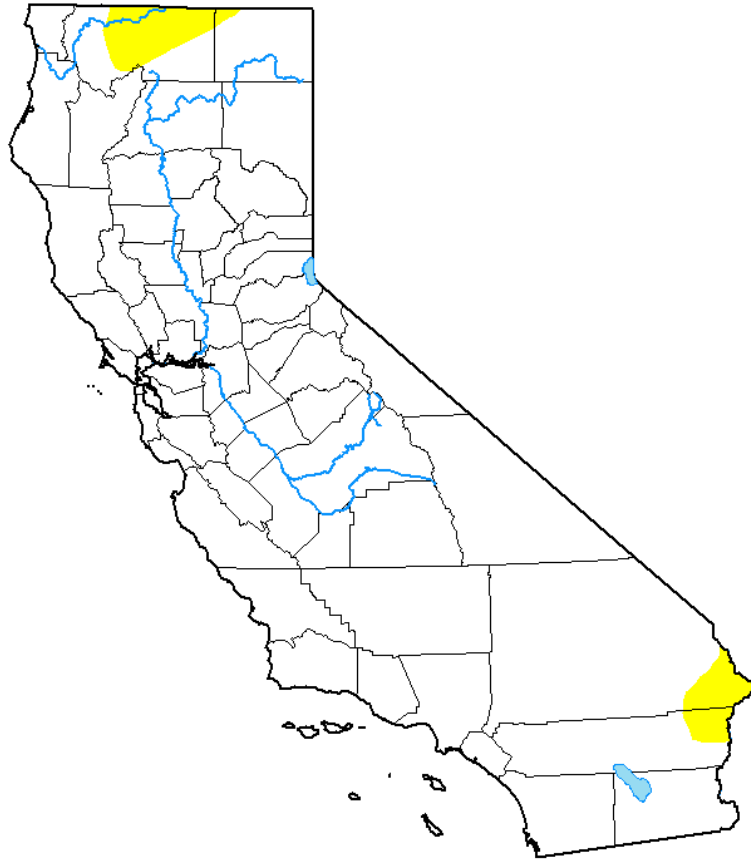
Data For: 17-Jan-2025

Number of Stations Reporting 104
Average snow water equivalent 10.7"
Percent of April 1 Average 40%
Percent of normal for this date 81%

Drought/Water Supply Update

January 16, 2024

January 14, 2025



2025-26 State Budget (Governor's Proposal)

\$322.2 Billion Proposed Budget

- \$2.7 B in Proposition 4 (\$1b in water)
 - \$153.4M for Water Recycling (\$51M reversion from GF)
 - \$183.2M for Water Quality and Safe Drinking Water and Tribal Water Infrastructure
 - \$32M Watershed Climate Resilience reversion from GF
- **Staffing**-SWRCB reported \$5.77M in "General Fund Vacant Positions Reductions" and \$12.49m in "Other Funds Vacant Positions Reductions."



Legislative Update- Committee Assignments- **Senate**

■ *Budget Subcommittee #2 on Resources, Environmental Protection and Energy*

- **Senator Benjamin Allen (D-Santa Monica), Chair**
- Senator Catherine Blakespear (D-Encinitas)
- **Senator Steven Choi (R-Irvine)**
- Senator Jerry McNerney (D-Pleasanton)

■ *Environmental Quality*

- **Senator Catherine Blakespear (D-Encinitas), Chair**
- Senator Megan Dahle (R-Bieber)
- Senator Lena A. Gonzalez (D-Long Beach)
- Senator Melissa Hurtado (D-Bakersfield)
- Senator Caroline Menjivar (D-San Fernando Valley)
- Senator Sasha Renée Pérez (D-Alhambra)
- **Senator Eloise Gómez Reyes (D-San Bernardino)**
- *Vice-Chair, Vacancy*

Natural Resources and Water

- **Senator Monique Limón (D-Santa Barbara), Chair**
- **Senator Kelly Seyarto (R-Murrieta), Vice-Chair**
- Senator Benjamin Allen (D-Santa Monica)
- Senator Shannon Grove (R-Bakersfield)
- Senator Melissa Hurtado (D-Bakersfield)
- Senator John Laird (D-Santa Cruz)
- Senator Henry I. Stern (D-Los Angeles)

Legislative Update- Committee Assignments- Assembly

■ Environmental Safety and Toxic Materials

- Damon Connolly (D-Marín), Chair
- Heather Hadwick (R- Modoc County), Vice Chair
- Rebecca Bauer-Kahan (D-Walnut Creek)
- **Leticia Castillo (R-Corona)**
- Alex Lee (D-San Francisco)
- Tina McKinnor (D- Inglewood)
- Diane Papan (D-San Mateo)

■ Budget Subcommittee No. 4 on Climate Crisis,


Resources, Energy, and Transportation

- Steve Bennett, Chair (D-Oxnard)
- Damon Connolly (D-Marín)
- Tom Lackey (R-Palmdale)
- Alexandra Macedo (R-Visalia)
- **Cottie Petrie-Norris (D-Irvine)**
- Chris Rogers (D-Santa Rosa)
- Lori Wilson (D-Suisun City)

Water, Parks & Wildlife

- Diane Papan (D- San Mateo, Chair)
- Jeff Gonzalez (R- Coachella)
- Juan Alanis (R-Modesto)
- David Alvarez (D-Chula Vista)
- Anamarie Avila Farias (D-Concord)
- Jasmeet Kaur Bains (D-Bakersfield)
- Steve Bennett (D-Oxnard)
- Tasha Boerner (D-San Diego)
- Jessica Caloza (D-Los Angeles)
- Laurie Davies (R-Oceanside)
- Gregg Hart (D-Santa Barbara)
- Celeste Rodriguez (D-Arleta)
- Chris Rogers (D-Santa Rosa)

Legislative Update

- 
- Likely Legislation:
 - PFAS in wastewater & biosolids (LA Times and NY Times)
 - Low Income Water Rate Assistance
 - SB 366 redo– SB 72 (Caballero): Long-term water supply targets
 - Water theft (Las Virgenes)
 - Water Recycling Title 22 updates (WaterReuse)
 - Extending virtual meeting options for public agencies (AB 259, Rubio)
 - Brine discharges?
 - Water availability during wildfires

Regulatory Updates



- Agreements to Support Healthy Rivers & Landscapes
- Advanced Clean Fleets
 - Waiver request withdrawn

Thank You



Questions?



SANTA ANA WATERSHED
PROJECT AUTHORITY

FYE 2026 and 2027 Budget Goals and Objectives

Jeff Mosher, General Manager



Outline

- Agency Vision
- Budget Approach
- Goals and Objectives
 - OWOW
 - Roundtables
 - Brine Line
- Agency Operations



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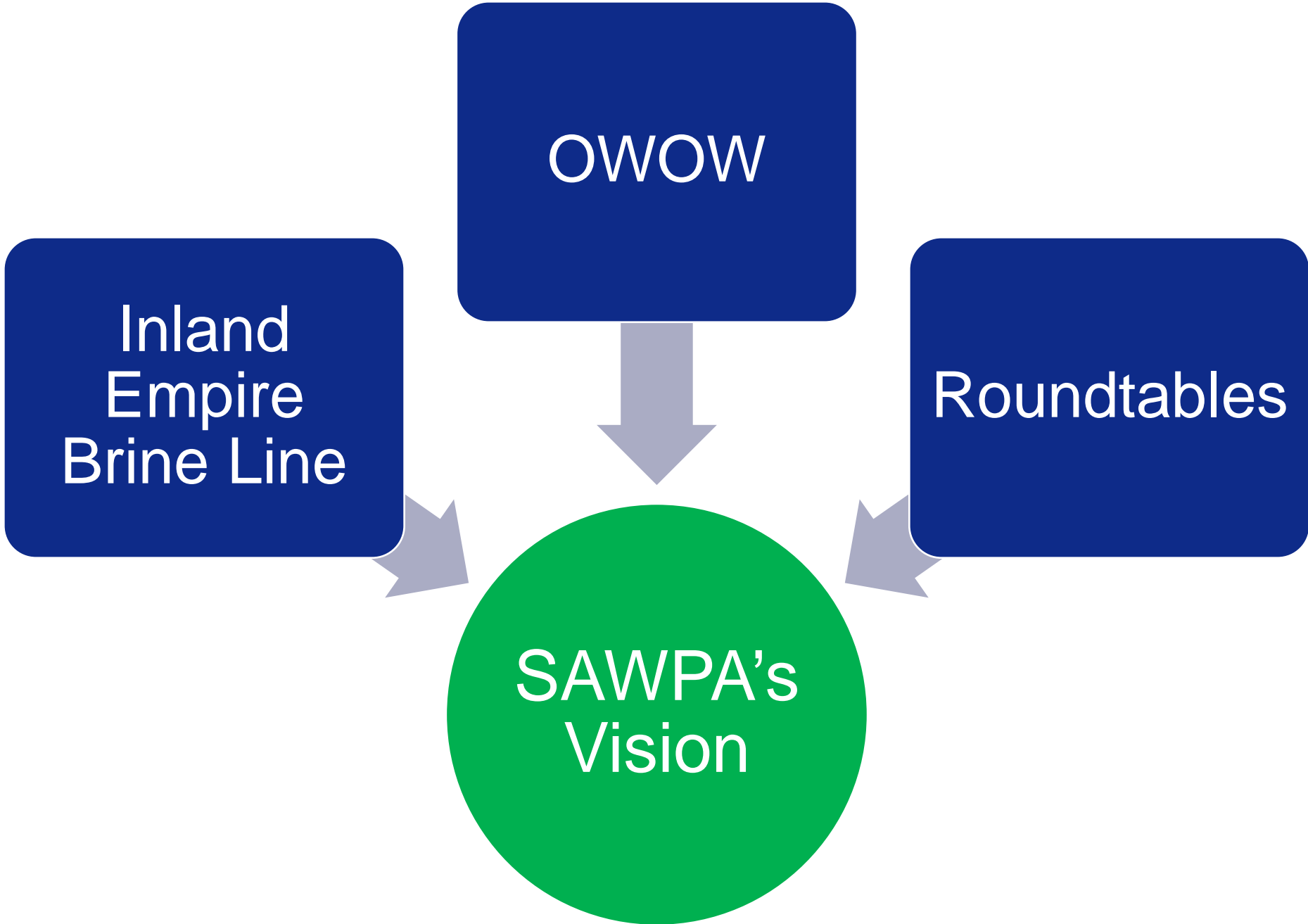
SAWPA's Vision (2011, Reviewed in 2016)

- SAWPA's vision is a sustainable Santa Ana River Watershed that provides clean and reliable water resources for a vibrant economy and high quality of life for all, while maintaining healthy ecosystems and open space opportunities.
- A successful SAWPA provides value to its member agencies and to the watershed as a whole by facilitating collaboration across boundaries to address common goals and tackle problems that are larger than any individual entity.

SAWPA's Mission (2011)

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

Achieving SAWPA's Vision and Mission



SAWPA Programs

Inland Empire
Brine Line

OWOW

Roundtables

SAWPA Operations

Brine Line

- Support salinity management and the achievement of a long-term watershed-wide salinity balance through:
 - Water quality maintenance, enhancement, and protection in the Santa Ana River and groundwater basins
 - Water resource management by augmenting groundwater resources and expanding recycled water
 - Disposal of high-salinity wastewater from groundwater desalination, power plants, industrial/commercial uses, and wastewater desalination
 - Disposal of emergency discharges from local wastewater treatment plants
 - Providing existing and future public agencies and private industry with a cost-effective salinity management option
 - Develop potential options for treating brine flows for beneficial uses

OWOW

- Fulfill SAWPA's role as the IRWM agency for the watershed
- Maintain OWOW 2.0 (IRWM Plan):
 - Updated regularly
 - Meets regional needs and DWR IRWM plan requirements
 - Supports water resources and water supply for the SAR Watershed
 - Expanded to include watershed resiliency
 - Amend with the Climate Adaptation and Resiliency Plan
- Facilitate the study and development of watershed-based solutions and regional projects
- Maximize funding opportunities through watershed-wide efforts

Roundtables

- Create value by building relationships among regulators, SAWPA members, other water agencies, and regulated parties in addressing water-related issues
- Provide regional capacity for supporting multi-agency forums to address water resources challenges
- Assist in the facilitation of stakeholder processes to address watershed-specific issues



SANTA ANA WATERSHED
PROJECT AUTHORITY

FYE 2026 and 2027 Budget Approach

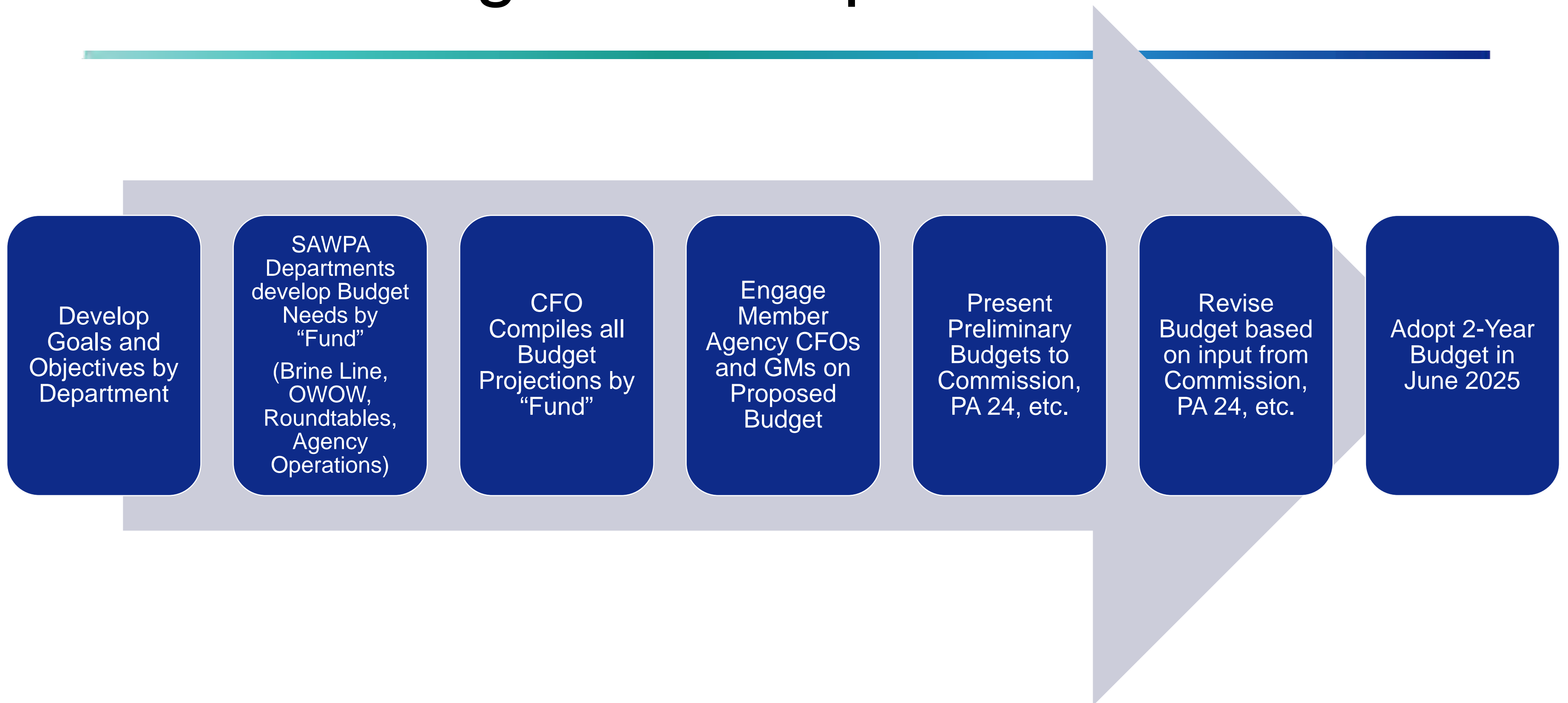
Karen Williams, Deputy General Manager and CFO



Budget Approach (2-year Budget)

- SAWPA's Budget Process:
 - Collaborative effort with SAWPA departments to implement SAWPA's mission, vision, and goals
 - Effort is based on strategic plan adopted by the Commission in 2011 and reviewed in 2016
- Preparation/Planning
- Integration
- Adoption by Commission

2-Year Budget Development Process



Budget Development

- **Preparation/Planning**
 - December through February
- **Integration**
 - February through May
- **Adoption**
 - June (by Commission)
- **Execution/Feedback**
 - Starts from the first day of the budget year (July 1, 2025) and runs through entire budget year



Budget Schedule

- **January 21, 2025** – Present Goals and Objectives
- **February 6, 2025** – Budget Workshop with Member Agency CFOs
- **Commission Presentations**
 - March 4, 2025 – First draft OWOW and Roundtable Funds Budget
 - March 18, 2025 – First draft General Fund Budget
 - April 1, 2025 – Budget Review – All Funds
 - May 6, 2025 – Approve Budget
 - June 30, 2025 – Member Agency Budget Ratification
- **PA24 Presentations**
 - March 4, 2025 – First draft of Brine Line Operating and Capital Budget
 - April 1, 2025 – Budget Approval
- **PA22 and PA23 – Presentations**
 - TBD - Budget Review/Approval

FYE 2026 and 2027 Budget Approach

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Questions?



SANTA ANA WATERSHED
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FYE 2026 and 2027 Brine Line Goals and Objectives

David Ruhl, Executive Manager of Engineering and Operations



Brine Line – Goals and Objectives

Organization (Engineering and Operations Department):

1. Operations (Fund 240)
 - Engineering Activities
 - Operations Activities
 - Permitting and Pre-treatment Activities
2. Capital Projects (Fund 320)
 - Engineering and Construction
3. Grant Administration and QA / QC (Fund 145, 150, and 155)
4. Cloud Seeding Pilot Project – Operations

Operations – Fund 240 (1 of 3)

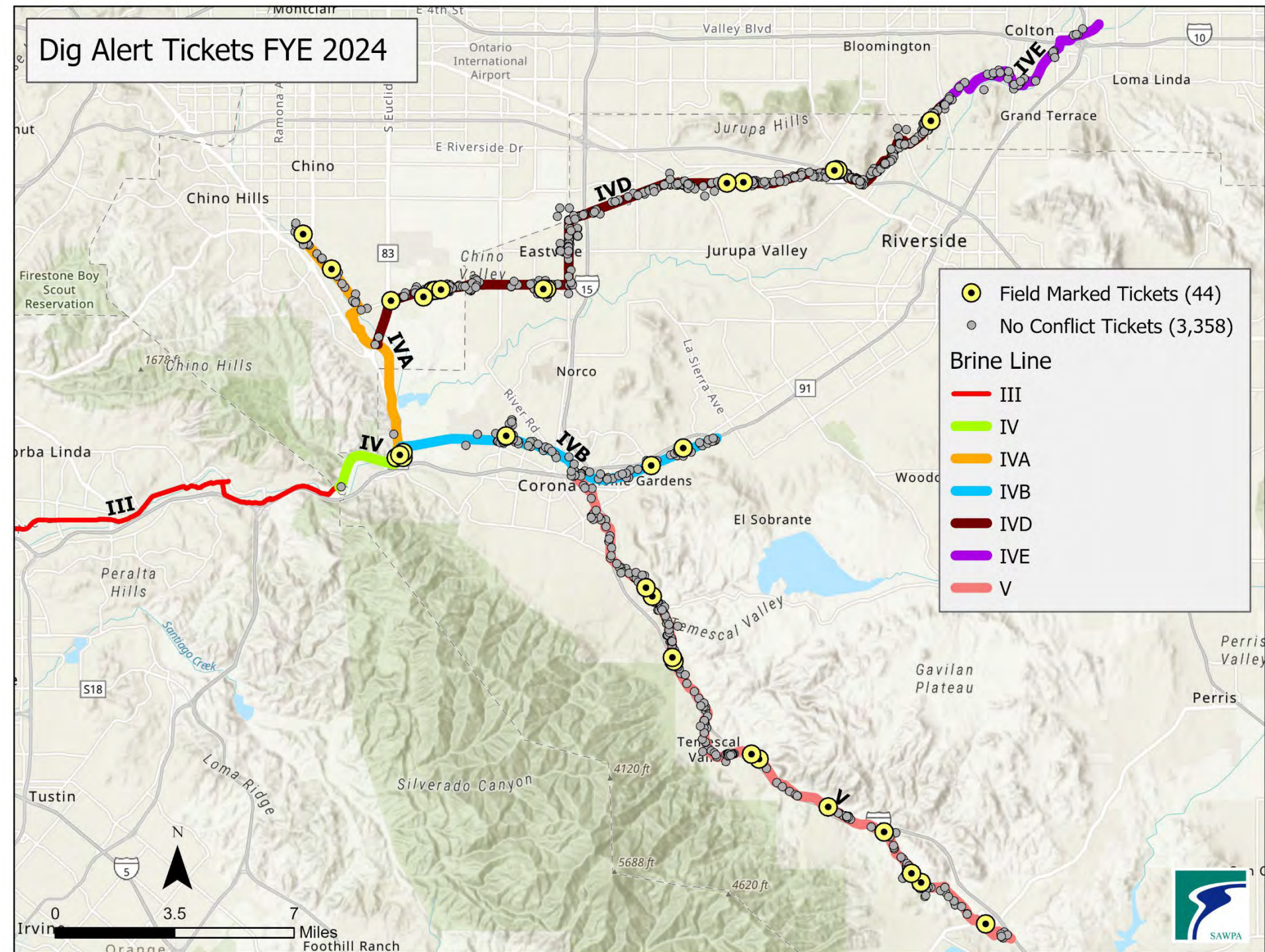
- Operations and Maintenance
 - Inspections
 - Line Cleaning
 - CCTV Inspection
 - Maintenance Access Structure (MAS) Inspections
 - Maintenance
 - Air Vacuum Valves Maintenance
 - Right-of-way Maintenance
 - Update Sewer System Management Plan
 - Update Sewer Emergency Response Plan
 - CARB Clean Fleet Regulatory Compliance
 - Coordination with outside contractors working near the Brine Line
 - Reduce the risk of Brine Line spills



Air Vacuum Valve Maintenance



Underground Service Alert (USA) Markings (Contractor Coordination)



Operations – Fund 240 (2 of 3)

- Engineering
 - Implementation of Brine Line Master Plan follow-up studies
 - Enhanced monitoring (real-time data collection)
 - Off-line storage feasibility
 - Brine management technologies
 - PFAS monitoring
 - Green hydrogen feasibility
 - Discharger Lease Agreements / Capacity Agreements
 - Evaluate impacts of sedimentation and erosion on the Brine Line within the Prado inundation area
 - Coordination with Agencies and developers on review of infrastructure plans with potential to impact the Brine Line
 - Maintain / Grow Partnership with OC San
 - Joint Operations Committee
 - Joint Policy Committee
 - Other studies as needed

Operations – Fund 240 (3 of 3)

- Permitting and Pre-treatment Program
 - Continue to administer program
 - Inspections, monitoring, issue permits, enforcement
 - Update Brine Line Ordinance
 - Update policies and procedures
 - Audit of SAWPA's Pre-treatment Program
 - Implement any corrective actions
 - Brine Line solids imbalance study
 - Monitoring at OC San SARI Metering Station (SMS)
 - Support billing between SAWPA and OC San



Capital Projects (Fund 320)

- Reach IV – B Lower
 - Pipeline Inspection and Condition Assessment
 - Add up to two MAS to provide access for cleaning and inspection
 - Raise two MAS within the Prado inundation area
- Reach IV – E
 - Pipeline Inspection and Condition Assessment
 - Install mainline valve
- SCADA System (real-time flow and quality data collection)
- Protection / Relocation
 - Euclid Bridge Project (Reach IV – A Upper and IV – D)
 - City of Chino Hwy 71 / Pine Ave off – ramp (Reach IV-A Upper)
 - Relocation of Pine Avenue Siphon



FYE 2026 and 2027 Budget Brine Line Goals and Objectives

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Questions?



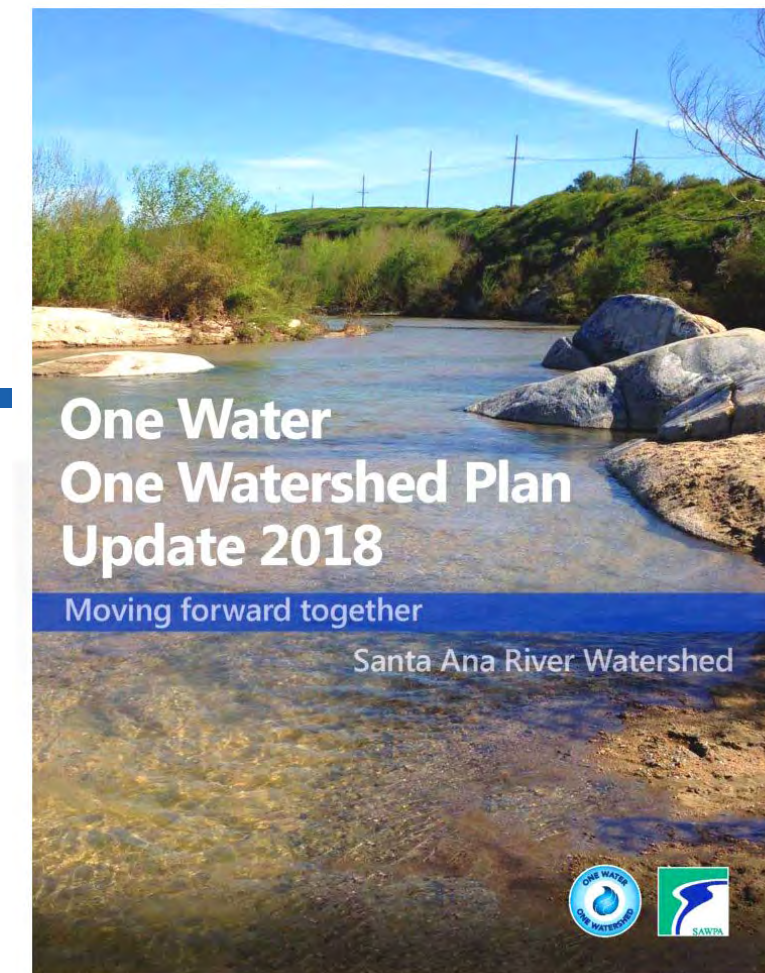
SANTA ANA WATERSHED
PROJECT AUTHORITY

FYE 2026 and 2027 Planning Goals and Objectives

Rachel Gray, Water Resources and Planning Manager



Outline



- OWOW Program
 - Climate Adaptation and Resilience Plan (CARP)
 - Implementation projects
 - Administration
 - Grant Funding (e.g., Proposition 4 – Resources Bond)
- Roundtables / Task Forces

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OWOW Planning

Project	Overview	Created	Members	Fund
OWOW Plan	<ul style="list-style-type: none"> • SAWPA as State-approved regional water management group in IRWM Program • Watershed coordination • Implement and update OWOW Plan • Climate Adaptation and Resilience Plan 	1.0 (2010) 2.0 (2014) Update (2018) CARP (2025/26)	<ul style="list-style-type: none"> • Steering Committee (11 members) • Pillars (10 workgroups) • CARP Technical Advisory Committee and Community Advisory Panel 	373 (funded by member agency contributions) 376 (grant funded)
General Basin Planning	<ul style="list-style-type: none"> • Conduct planning activities with stakeholders • Pursue/apply for future grant funding opportunities • Respond to information requests 	Ongoing	<ul style="list-style-type: none"> • SAWPA 	370-01 (funded by member agency contributions)
Partnership Studies	<ul style="list-style-type: none"> • Coordinate and prepare grant funding partnerships including Federal Agencies (EPA, etc.) • WaterSMART Program: create water budgets at parcel level 	2019	<ul style="list-style-type: none"> • SAWPA • USBR • Other partners 	370-02 (funded by member agency contributions, Federal Grant funding)

Climate Adaptation and Resilience Plan

Initial Deliverables:

- Project Work Plan (Milestones, Deliverables, Schedule)
- Public Agency Engagement Plan (SAWPA/Consultant)
- Community and Tribal Engagement Plan (Soboba/ISC3)

CARP Elements:

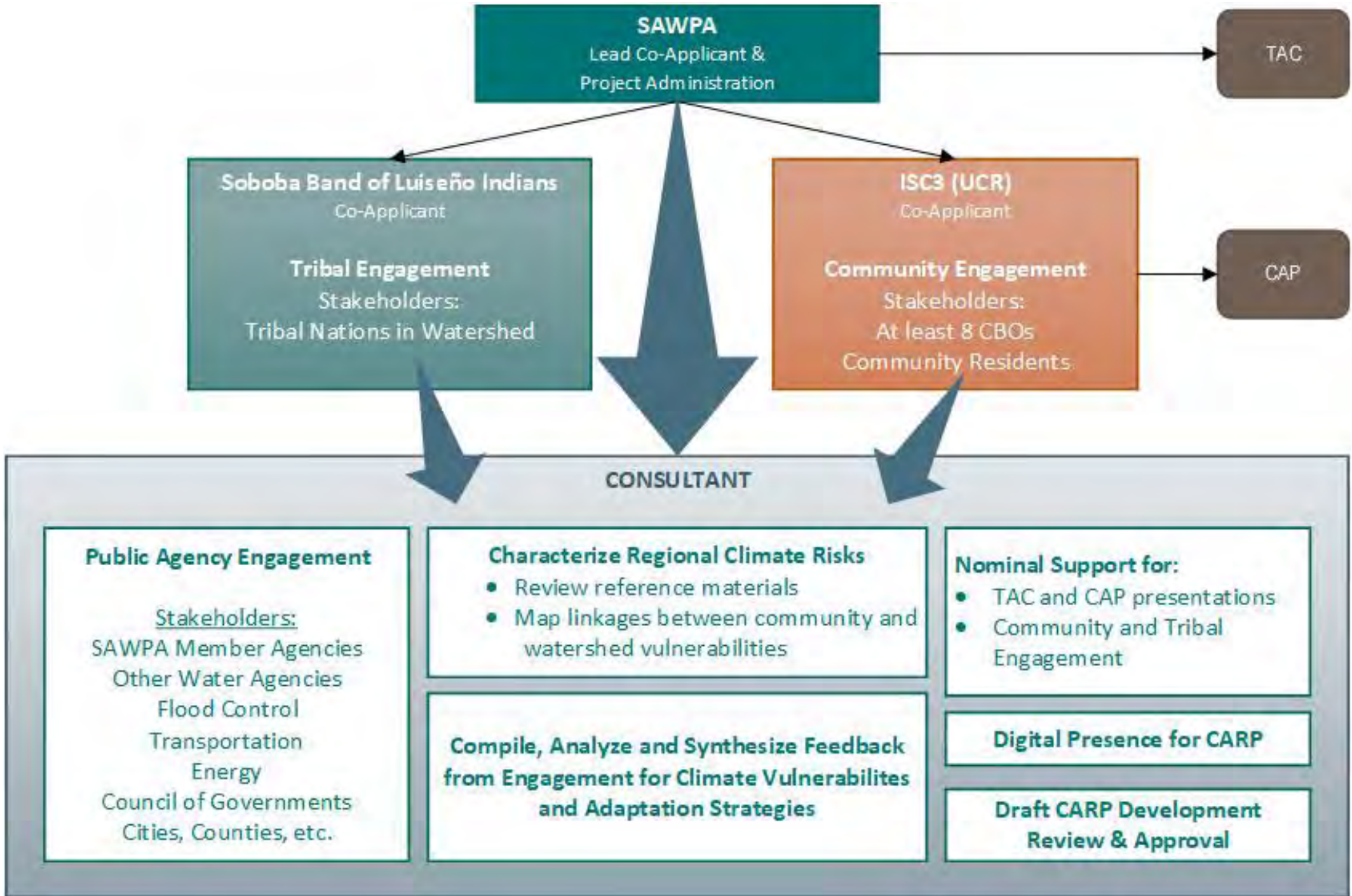
- Climate Risks Characterization
- Vulnerability Assessment
- Adaptation Strategies (local/regional)
- Resilience Portfolios

Supplemental Deliverables

- Watershed Resilience Vision and Goals
- Funding Strategy Matrix
- Implementation Plan

CARP

- Draft and Final Plan
- Online Platform



OWOW – Future Areas

- SAWPA Funding Areas:
 - OWOW Plan (Amend with CARP)
 - General Basin Planning
 - Partnership Studies (e.g., USBR, EPA, etc.)
- State Priorities:
 - Climate Resiliency/Watershed Resiliency
 - Nature-Based Solutions (invasive species, habitat restoration)
 - Water Use Efficiency
 - Disadvantaged Communities
 - Data Improvement and Open Data



CA Governor's Office of
Land Use and
Climate Innovation



CALIFORNIA
STRATEGIC
GROWTH
COUNCIL



OWOW Implementation Projects

Project	Overview	Created	Partners	Fund
PFAS Regional Analysis Study	<ul style="list-style-type: none"> Assess PFAS in the watershed 	2022	<ul style="list-style-type: none"> SAWPA Member Agencies OC SAN 	377 (funded by member agency contributions)
Cloud Seeding Pilot Study	<ul style="list-style-type: none"> Operations and validation (4-years) Surface water modeling 	2020	<ul style="list-style-type: none"> SAWPA Member Agencies Other local agencies 	378 (funded by member Agency Contributions, Participant Fees, Proposition 1 Grant Funding)
WECAN (Riverside)	<ul style="list-style-type: none"> Support water and energy efficiency for disadvantaged communities Implement landscape improvements by replacing turf with drought tolerant landscaping 	2014	<ul style="list-style-type: none"> City of Riverside Public Utilities SAWPA 	397 (funded by California Strategic Growth Council grant)
Disadvantaged Community Involvement (DCI) Program	<ul style="list-style-type: none"> Administer \$5M DACI set-aside grant for drought relief implementation projects serving disadvantaged communities within the SAR Watershed. 	2016	<ul style="list-style-type: none"> SAWPA California Rural Water Association 	398 (funded by DWR Urban and Multi-benefit Drought Relief Grant through \$5M DACI set-aside grant)

OWOW Administration

Project	Overview	Created	Fund
ICARP	<ul style="list-style-type: none"> • Grant Administration (Planning) 	2024	376
Proposition 84 Grant Administration	<ul style="list-style-type: none"> • Grant Administration (O&E) 	2015	145
Proposition 84 (2015 Round SARCCUP)	<ul style="list-style-type: none"> • Administer PA23 Committee • Implement SARCCUP • Implement SARCCUP Water Use Efficiency Budget Assistance Project 	2015	504-401
Proposition 1 Grant Administration	<ul style="list-style-type: none"> • Grant Administration (O&E) 	2014	150
Proposition 1 Grant Projects	<ul style="list-style-type: none"> • Round 1 - Enhancements to Watershed-Wide Water Budget Decision Support Tool 	2014	505
Proposition 1 Grant Projects	<ul style="list-style-type: none"> • Round 2 	2022	505

Roundtables (1/3)

Project	Overview	Created		Fund
Basin Monitoring Program Task Force	<ul style="list-style-type: none"> •Regional collaboration to execute compliance obligations for TDS and Nitrogen under the RWQCB Basin Plan •Prepare and submit Annual SAR Water Quality Reports, Ambient Water Quality Plans, and Basin Plan Amendments to RWQCB 	2004	<ul style="list-style-type: none"> • Beaumont-Cherry Valley Water District (WD) • 6 Cities and 7 Water Districts • Chino Basin Watermaster • Colton/San Bernardino Regional Tertiary Treatment and Wastewater Reclamation • EMWD, IEUA • Elsinore Valley MWD • Santa Ana Regional Water Quality Control Board • West Riverside County Regional Wastewater Authority 	374
Santa Ana River Fish Conservation Task Force	<ul style="list-style-type: none"> •Coordinate Santa Ana Sucker Habitat Restoration Projects •Pursue grants or partnerships to construct additional habitat •Gather habitat data based on Santa Ana Riverwalk monitoring 	1998	<ul style="list-style-type: none"> • Orange County Water District • City of Riverside • U.S. Fish and Wildlife Service • Santa Ana Watershed Project Authority • San Bernardino Valley Municipal Water District • California State Water Resources Control Board • Local Agencies 	381
Middle Santa Ana River (MSAR) Task Force	<ul style="list-style-type: none"> •Implement TMDLs adopted by the RWQCB to address exceedances of fecal coliform bacterial indicators •Perform annual watershed-wide compliance monitoring •Study quantify sources of bacteria 	2006	<ul style="list-style-type: none"> • Riverside County Flood Control & Water Conservation District • San Bernardino County Flood Control District • County of Riverside • 17 Cities • Chino Basin Watermaster Agricultural Pool • Santa Ana Regional Water Quality Control Board 	384-01

Roundtables (2/3)

Project	Overview	Created	Participants	Fund
Regional Water Quality (RWQ) Task Force	<ul style="list-style-type: none"> • Implement Santa Ana River regional bacteria water quality monitoring program • Support regional water quality monitoring programs • Assist Regional Board with triennial reviews and amendments of the Basin Plan 	2016	<ul style="list-style-type: none"> • Orange County Public Works • Riverside County Flood Control and Water Conservation District • San Bernardino County Flood Control District • Santa Ana Regional Water Quality Control Board 	386
Arundo Management and Habitat Restoration	<ul style="list-style-type: none"> • Implementation of current and future Arundo donax removal efforts in SAR watershed headwaters • Administer SAR Mitigation Bank with Riverside County Parks 	2006	<ul style="list-style-type: none"> • Inland Empire Resource Conservation District • SAWPA • Santa Ana Watershed Association • Riverside County Regional Park and Open-Space District 	387
Emerging Constituents Task Force	<ul style="list-style-type: none"> • Oversee and investigate Emergent Constituents • Data collection, data management, and reporting • Communication outreach on the safety of tap water. 	2008	<ul style="list-style-type: none"> • Chino Basin Watermaster • 5 Cities and 8 Water Districts • Colton/San Bernardino Regional Tertiary Treatment and Wastewater Reclamation • EMWD, WMWD, OCWD • Santa Ana Regional Water Quality Control Board • Santa Ana Watershed Project Authority • West Riverside County Regional Wastewater Authority 	392

Roundtables (3/3)

Project	Overview	Created	Participants	Fund Number
Lake Elsinore and Canyon Lake Nutrient TMDL Task Force	<ul style="list-style-type: none"> Administered by LESJWA. Implement the Lake Elsinore and Canyon Lake nutrient total daily maximum loads to address the requirements of the Basin Plan Amendment. 	2004	<ul style="list-style-type: none"> Riverside County 11 Cities Caltrans CA Department of Fish & Wildlife Elsinore Valley Municipal Water District March Joint Powers Authority March U.S. Air Force Base Eastern Municipal Water District San Jacinto Agricultural Operators S J Dairy & CAFO Operators 	477
Lake Elsinore/San Jacinto Watersheds Authority (LESJWA)	<ul style="list-style-type: none"> Joint Powers Authority to improve water quality and wildlife habitats in Lake Elsinore and Canyon Lake, as well as in the surrounding watersheds. 	2000	<ul style="list-style-type: none"> City of Canyon Lake City of Lake Elsinore County of Riverside Elsinore Valley Municipal Water District SAWPA 	477-02

FYE 2026 and 2027 Budget Planning Goals and Objectives

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Questions?



SANTA ANA WATERSHED
PROJECT AUTHORITY

FYE 2026 and 2027 Agency Operations Goals and Objectives



Agency Operations – Strategic

- Strategic
 - Strategic Plan Update
 - State advocacy efforts for watershed
- External Affairs and Communications
 - Communications Plan addressing SAWPA activities
 - Website and Social Media
 - Conference attendance and presentations
 - Communications support for SAWPA projects
 - Community outreach

Agency Operations – Financial

- GASB 68 and 75 (OPEB & Pension) and 87 (Leases) Compliance
- Submit Budget and Annual Comprehensive Financial Report (ACFR) for GFOA Award Program
- Audit
- Grant Management
- RFP for Investment Management and Advisory Services

Agency Operations – Administrative

- Administrative
 - Improve efficiencies for administrative services
 - Review/revise policies and procedures
 - Enhance current Enterprise Content Management software
 - Employee training
- Human Resources
 - Recruit and hire Deputy General Manager / Director of Finance
- Facilities
 - Complete lobby security improvement project

Agency Operations – IT

- Provide administrative and technology support
- Upgrade IT infrastructure
- Operate software and network applications
- Improve network security and mitigate IT risks
- Develop GIS Web Apps for Brine Line and Planning
- Artificial Intelligence (AI) for automation, predictive analytics, and service enhancements
- Advanced threat detection – Identify and mitigate cyber threats
- Employee security awareness training

FYE 2026 and 2027 Budget Agency Operations Goals and Objectives

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Questions?

Thank You

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SANTA ANA WATERSHED
PROJECT AUTHORITY

RFP for Investment Management Services

Karen Williams, Deputy GM/CFO



Recommendation

Receive and File.

Staff is informing the Commission of the need to develop a Request for Proposals (RFP) for Investment Management Services.

Staff will distribute the RFP for review to Member Agency financial staff before bringing it to the Commission for approval.

Discussion

- Succession Planning for Finance Department:
 - Current Chief Financial Officer is set to retire in December 2025
 - Recruit Director of Finance (hire in Fall 2025 for 3 months overlap)
- Role of new Director of Finance:
 - Oversee SAWPA financial needs and requirements
 - Oversee an external firm to manage SAWPA investments (i.e., Funds and Reserves)
 - Currently investments are managed by the CFO

SAWPA Statement of Investment Policy (SOIP)*

Policy:

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

*A copy of the 2023-2024 SOIP is attached.

Policy Objectives



Safety

Liquidity

Yield

Safety

Safety of principal is the Authority's foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Authority will diversify its investments by investing funds among independent financial institutions offering a variety of securities with independent returns. Investments shall be made with the aim of avoiding capital losses due to issuer default, broker-dealer default, or market value erosion.

Liquidity

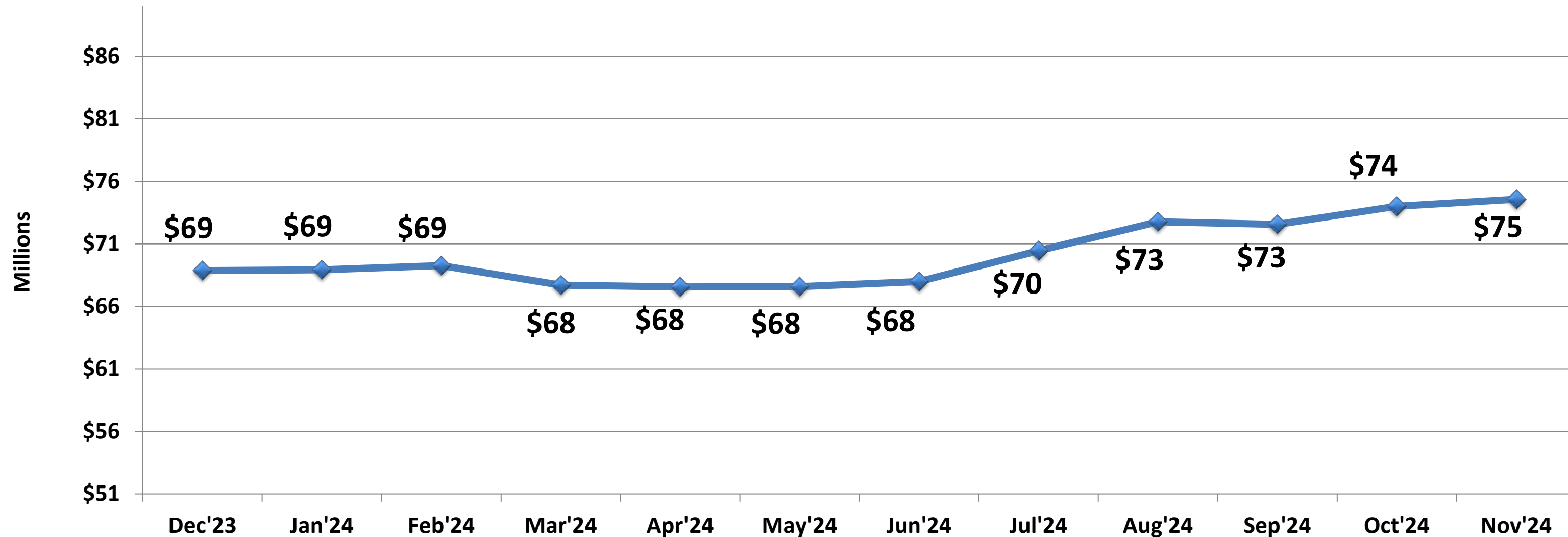
The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated.

Yield

The Authority's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, as long as it does not diminish the objectives of Safety and Liquidity.

Current Cash and Investments (Financial Report)

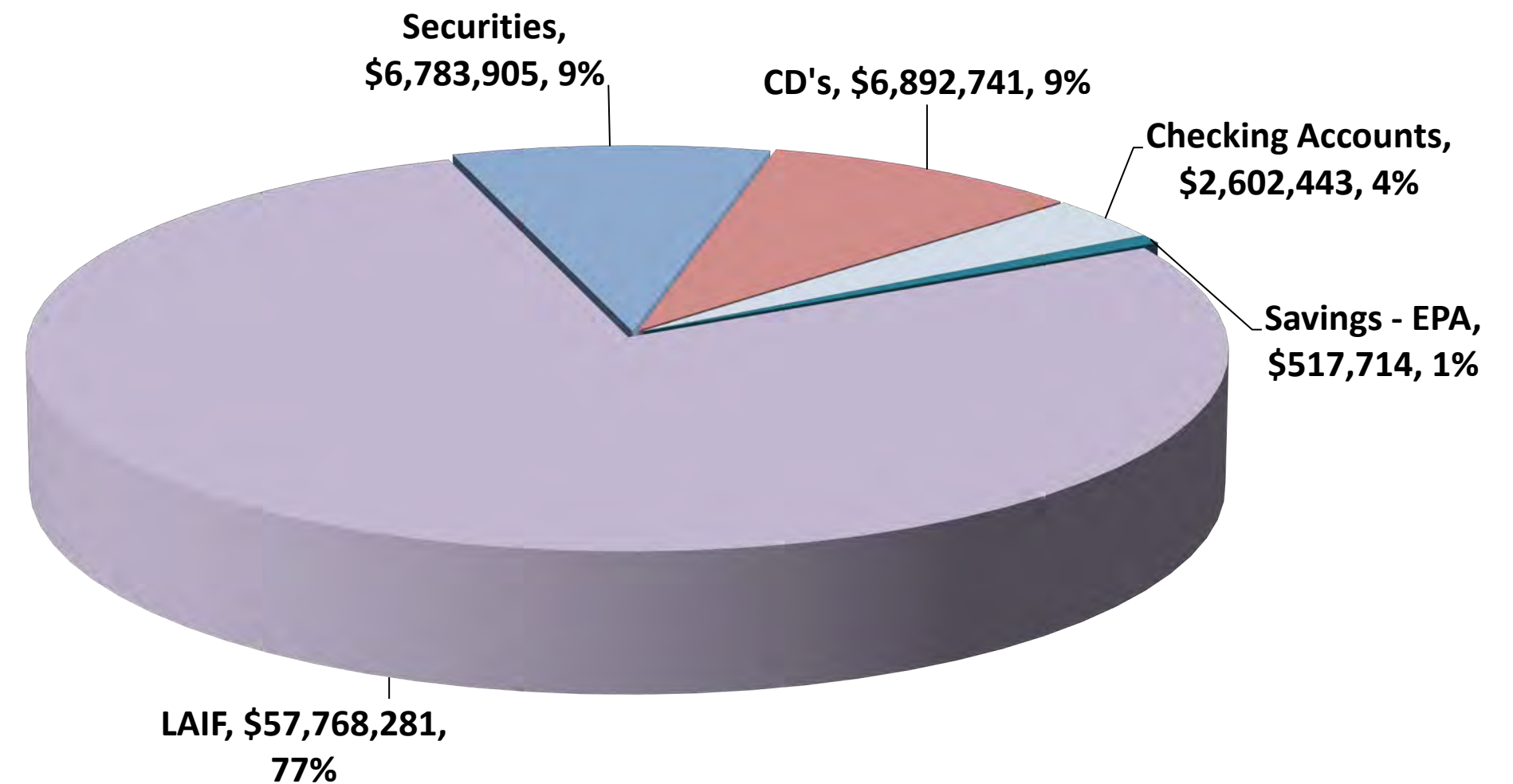
Total Cash & Investments



Summary of Current Investment Approach

- Current approach involves:
 - LAIF (77%)
 - Securities (9%)
 - CDs (9%)

Cash & Investments - November 2024
\$74,565,086



Benefits of Utilizing Investment Management Firm

1. Expert Guidance on Investment Policy: The investment firm will work with the Authority to update and implement the existing investment policy to align with the Authority's mission and values. The firm will provide guidance on best practices for investment policy management, including procedures for policy updates and implementation.
2. Strategic Asset Allocation Modeling and Implementation: The investment management firm will develop an asset allocation strategy that meets the Authority's investment objectives, risk tolerance, and liquidity needs. The firm will implement the asset allocation strategy in the Authority's investment portfolio.

Benefits of Utilizing Investment Management Firm

3. Investment Selection and Ongoing Monitoring: The investment management firm will conduct due diligence on investment broker/dealers, custodian bank, and financial institutions utilized by the Authority, select appropriate investments, and monitor the investments performance. The firm will also evaluate and recommend both active and passive investment strategies in accordance with the investment policy.
4. Portfolio Management and Periodic Rebalancing: The investment management firm will actively manage the Authority's investment portfolio, rebalance the portfolio periodically, and adjust the asset allocation strategy as necessary.

Benefits of Utilizing Investment Management Firm

5. Comprehensive Performance Measurement and Reporting: The investment management firm will provide regular performance reports to the Authority, including investment returns, portfolio composition, and benchmark comparisons, etc.
6. Risk Management and Analysis: The investment management firm will conduct stress testing and scenario analysis to evaluate the potential impact of market events on the Authority's investments portfolio. The firm will also provide ongoing risk management advice.
7. Organizational Support: The investment management firm will provide support and education to the Authority's CFO/Director of Finance and Board of Commissioners. The firm will also attend Committee and/or Commission meetings as requested.

Costs

There are several ways the fees for an investment management firm can be structured:

- Fixed fees: Predetermined amount paid regardless of the fund's performance.
- Variable fees: Based on the fund's performance.
- Performance-based fees: Calculated as a percentage of assets under management or generated revenue.

The fee structure will be negotiated with the firm that is chosen through the RFP process and those fees will be included in the budget.

Recommendation

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Questions?

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Classification and Compensation Update

Jeff Mosher, General Manager



Recommendation

It is recommended that the Commission approve the removal of 4 labor market survey agencies and the additional of 6 labor market survey agencies from the Classification and Compensation Study being conducted by Ralph Andersen & Associates.

Background

- On April 2, 2024, Doug Johnson presented a power point presentation detailing the labor market selection parameters and application of factors.
- Staff presented the Classification and Compensation Study to the General Managers.
- The General Managers recommended that the study would be more representative if some of the larger agencies were removed and replaced with Joint Powers Authorities that have similar scope to SAWPA.

Proposed Agencies to Remove

Agency	Total Expenditures
City of Riverside	\$1.1 Billion
Riverside County	\$67.2 Billion
Irvine Ranch Water District	\$272 million
Eastern Municipal Water District	\$423 million
Inland Empire Utilities Agency	\$247 million

Proposed Agencies to Add

Agency	Location	Number of Employees
Big Bear Regional Wastewater Authority (JPA)	San Bernardino County	~20
Water Facilities Authority (JPA)	San Bernardino County	~12
Encina Wastewater Authority (JPA)	San Diego County	~70
South Orange Coast Wastewater Authority (JPA)	Orange County	~60
San Elijo Joint Powers Authority (JPA)	San Diego County	~20
Sweetwater Authority (JPA)	San Diego County	~130

Resources Impacts

To add the additional 6 agencies will cost \$6,000 or \$1,000 per agency added. Funding is available in the budget.

Recommendation

It is recommended that the Commission approve the removal of 4 labor market survey agencies and the additional of 6 labor market survey agencies from the Classification and Compensation Study being conducted by Ralph Andersen & Associates.

Questions?

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