



**SAWPA COMMISSION
REGULAR MEETING MINUTES
NOVEMBER 15, 2016**

COMMISSIONERS PRESENT

Thomas P. Evans, Chair, Western Municipal Water District
Ed Killgore, Vice Chair, San Bernardino Valley Municipal Water District
David Slawson, Alternate, Eastern Municipal Water District
Phil Anthony, Orange County Water District
Jasmin Hall, Alternate, Inland Empire Utilities Agency

COMMISSIONERS ABSENT

Terry Catlin, Inland Empire Utilities Agency
Ronald W. Sullivan, Secretary-Treasurer, Eastern Municipal Water District

**ALTERNATE COMMISSIONERS
PRESENT; NON-VOTING**

None.

STAFF PRESENT

Celeste Cantú, Rich Haller, Larry McKenney, Mark Norton, Karen Williams, Carlos Quintero, Nicole Weideman, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:30 a.m. by Chair Evans at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

2. ROLL CALL

Roll call was duly noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: NOVEMBER 1, 2016

Recommendation: Approve as posted.

B. TREASURER'S REPORT – OCTOBER 2016

Recommendation: Approve as posted.

C. REACH V REHABILITATION AND IMPROVEMENT PROJECT – PHASE I (CM#2016.96)

Recommendation: Find that the unfinished condition of the Reach V Rehabilitation and Improvement Project (the Project) after the termination for cause of the Project contractor continues to be an emergency that requires immediate action per the Commission's prior action on August 2, 2016.

D. USE OF BUILDING RESERVE FUNDS TO INSTALL ONE AIR CONDITIONING UNIT (CM#2016.100)

Recommendation: Retroactively authorize the use of \$7,953 from the Building Reserve Fund to replace one air conditioning unit (Split Case serving computer server room).

MOVED, approve the Consent Calendar.

Result:	Adopted (Unanimously; 5-0)
Motion/Second:	Anthony/Killgore
Ayes:	Anthony, Evans, Hall, Killgore, Slawson
Nays:	None
Abstentions:	None
Absent:	None

5. NEW BUSINESS

A. FY 2015-16 REPORT ON AUDIT (CM#2016.99)

White Nelson Diehl Evans LLP managing partner Nitin Patel provided an oral presentation on the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2016, including the Report on Audit. An unmodified opinion was issued – the financial statements present fairly, in all material respects, the financial position of SAWPA, and the respective financial changes in financial position and cash flows for the FYE ended June 30, 2016 are in accordance with generally accepted accounting principles.

Also issued was a report in accordance with *Government Auditing Standards* on their consideration of SAWPA's internal control over financial reporting and their tests of its compliance with certain provisions of laws, regulations, grant agreements, etc. There were no internal deficiencies or internal weaknesses reported.

Finally, relative to significant audit findings and quality aspects of accounting practices. There were no difficulties in performing the audit; key values and assumptions were evaluated and found to be reasonable. There was one recommended adjustment included in the financial statement in the amount of \$46,000 (OCWD's share of state lobbying costs over a two-year period); it is not material and will be brought back to the Commission for further direction.

Commissioner Anthony noted no procedural changes were recommended by Patel during his presentation; Mr. Patel confirmed no procedural changes were recommended.

MOVED, Review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2016, which includes the Report on Audit prepared by White Nelson Diehl Evans LLP:

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

Result:	Adopted (Unanimously; 5-0)
Motion/Second:	Anthony/Slawson
Ayes:	Anthony, Evans, Hall, Killgore, Slawson
Nays:	None
Abstentions:	None
Absent:	None

B. BRINE LINE SERVICE CONTRACTS – LINE CLEANING AND INSPECTION (CM#2016.103)

Carlos Quintero provided a PowerPoint presentation on a Brine Line service contract with Innerline Engineering in the amount of \$50,000 for pipeline cleaning and inspection services to include Reach 4B cleaning (80 hours), a water truck (80 hours), traffic control and CCTV (40 hours). This approval is for the second year of a two-year task order.

MOVED, approve year two of the existing Task Order INN-240-02 with Innerline engineering, Inc., in the amount of \$50,000 for pipeline cleaning and inspection.

Result: **Adopted (Unanimously; 5-0)**
Motion/Second: Anthony/Slawson
Ayes: Anthony, Evans, Hall, Killgore, Slawson
Nays: None
Abstentions: None
Absent: None

C. SAWPA STRATEGIC ASSESSMENT – OWOW BUSINESS LINE (CM#2016.101)

Mark Norton provided a PowerPoint presentation on the OWOW Business Line, including a brief background to date of the SAWPA Strategic Assessment.

During Strategic Assessment, facilitated by Paul Brown, SAWPA's OWOW business line was again determined to be highly regarded by State-level officials for its diversified Integrated Regional Water Management planning. Proposition 13 was passed in 2000, which brought \$235M into our watershed. SAWPA's integrated OWOW plan approach became the Statewide template for integrated regional water management planning and has received many recognitions and awards. In February 2014 the most recent plan update was approved; as a result of Proposition 1, staff is embarking on another update to reflect new requirements and guidelines.

OWOW encourages watershed level thinking through the involvement of its Pillars who, having collectively written the OWOW plan, provide valuable stakeholder input. The ten Pillars are listed below, five of which are led by member agency staff.

1. Stormwater: Resource and Risk Management
2. Natural Resources Stewardship
3. Land Use & Water Planning
4. Operational Efficiency & Water Transfers
5. Disadvantaged and Tribal Community
6. Water Conveyance and Transport
7. Water Resource Optimization
8. Water Use Efficiency
9. Energy and Environmental Impact Response
10. Beneficial Use Assurance

As a result of Pillar discussions and input, the following management strategies were created:

1. Watershed Hydrology and Ecosystem Restoration. 90% of the watershed's precipitation falls within the forest lands of the upper watershed. We are much more efficient when addressing watershed issues in the upper watershed. Our Forest First agreement with the USFS is reflective of steps toward addressing these issues.
2. Operational Efficiency and Transfers. Demand reduction and efficiencies are the easiest paths to pursue in evaluating water use in the future – water rate structure, garden friendly landscaping, and smart controllers are all very important.
3. Innovative Supply Alternatives. Water storage and moving water around more efficiently can provide for future demand during continuing drought situations. SARCCUP is an OWOW project highlighting these strategies. Treatment processes such as water recycling and desalination allow the use of water multiple times.
4. Remediation and Cleanup. Necessary pollution remediation strategies such as TMDL.
5. Demand Reduction and Water Use Efficiency. Inclusive of those strategies outlined above.

Ideal project components for IRWM Funding and the 21st Century include multiple benefits, sustainable, integrated and collaborative, and multi-jurisdictional. Projects must reflect adaptability to climate change. There are 48 IRWM regions recognized by DWR among the 11 funding areas, but only two IRWM regions are also funding areas, and SAWPA's watershed is one of those two. This means that all the funding designated to this funding area goes directly to the watershed; there are no other IRWM regions competing for those funds. This is advantageous in that we are able to convey funding to the projects more effectively.

Proposition 50, 84 and Prop 1 IRWM

SAWPA has submitted successful project grant applications under Prop 50, Prop 84 Round 1 and 2, Drought Round and 2015 Round under DWR's IRWM implementation program. Proposition 50 funding is \$25M; Proposition 84 funding is \$114M; Proposition 1 funding will be \$63M. SAWPA will be responsible for all audits and review of Prop 50, Prop 84 and Prop 1 projects for ten years after completion.

Norton referenced the July 19, 2016, Strategic Assessment presentation by Paul Brown to the Commission, which included the OWOW Purpose and Objectives, Critical Success Factors, and Processes, Activities and Tasks. Norton then reviewed the table contained on page 170 of the agenda packet reflective of staff allocation for all PATs relating to OWOW Plan Development, OWOW Administration, OWOW Grant Application and Implementation, OWOW SAWPA Grant Administration. An evaluation of OWOW PATs staff hours (Estimated Annual Hours Needed for A Level versus Annual Budget Hours) indicates a shortfall of approximately one to one and a half FTE staff position for the next four years. The analysis reflects a shortfall of 2701 hours for FYE 2017, 4150 for FYE 2018, 3248 hours for FYE 2019 and 1576 hours for FYE 2020. An additional grant writer position would efficiently implement SAWPA's ability to apply for and receive additional grant funding particularly from philanthropic organizations. The position would be established as entry level; a clear path for growth and succession would be available. Consideration of an additional staff position will take place during the upcoming budget process.

Commissioner Anthony thanked Norton for his well-spoken, thorough presentation.

Chair Evans asked if the only category for which a consultant would be requested was the Communication category. Norton confirmed that to be the case, at this point.

Relative to the ten Pillars outlined earlier, Chair Evans asked which are led by a member agency general manager. Norton replied that the chair of the following Pillars has been assigned to the general managers:

1. Operational Efficiency & Water Transfers - WMWD
2. Water Conveyance and Transport - SBVMWD
3. Water Resource Optimization - EWMD
4. Water Use Efficiency - IEUA
5. Beneficial Use Assurance - OCWD

Chair Evans noted that member agency general managers are responsible for half of the Pillars; this is a great deal of work. Chair Evans recommended each Commission discuss with their general manager the amount of work involved and determine whether or not they are prepared to do all of the detailed work that is involved. In the past member agency staff had been more involved; however, recently this was changed and now it is the general managers.

General Manager Rossi noted he would welcome the flexibility to delegate to WMWD staff.

This item was for informational purposes; no action was taken on Agenda Item No. 5.C.

D. PROP 84 STATUS REPORT AND BUDGET UPDATE – ALL ROUNDS

Nicole Weideman provided a PowerPoint presentation with a status update on Proposition 84 Projects.

Proposition 84 Projects:

Round	No. of Projects	Progress	Grant Amount	Total Cost
Round 1	13 Projects	7 Complete	\$12M	\$260M
Round 2	18 Projects	0 Complete	\$14.5M	\$150M
Drought Round	9 Participants	0 Complete	\$12M	\$23M
2015 Round	7 Participants	0 Complete	\$61M	\$237M

Projected Watershed-Wide Benefits:

- Reduces water demand by 18,000 AFY representing 36,000 households
- Captures 44,000 AFY of stormwater for beneficial use
- Recharges 180,000 AF of additional imported water
- Produces 18,000 AFY of desalted groundwater
- Removed 29,000 tons of salt from groundwater per year
- Creates 11,000 AFY of additional recycled water
- Restores 3,800 acres of environmental habitat
- Reduces nonpoint source pollution by 29,000 pounds per year
- Reduces flood risk damage by \$91 million
- Creates about 11,000 construction related jobs

In referencing her PowerPoint presentation on project status, Weideman utilized the following color representation:

- Green – Project is currently on schedule or ahead of schedule.
- Yellow – Project is experiencing some delay, but is currently on schedule to be completed on time.
- Red-Orange – Project has experienced some delay, but it is undeterminable if the project will finish on time based in information currently available.

Weideman outlined project status for the following:

Round 1 Projects:

- Chino Creek Wellfield Development Project: Red-Orange/95% complete. WMWD staff is awaiting an easement to install a raw water line.
- Arlington Basin Water Quality Improvement Project: Yellow/45% complete. WMWD staff was awaiting CEQA concurrence, which was recently acquired.

Round 2 Projects:

- Wineville Regional Recycled Water Pipeline and GW Recharge System Upgrades: Yellow/74% complete. IEUA staff experienced delay in startup valve testing.
- Prodo Basin Sediment Management Demonstration Project: Red-Orange/18% complete. OCWD staff is addressing scope changes.
- Enhanced Stormwater Capture & Recharge: Red-Orange/25% complete. SBVMWD staff has experienced permitting issues, causing the project to be delayed for approximately a year.

- Lower Day Basin: Yellow/38% complete. This IEUA project has experienced additional assessment and evaluation required during the preliminary design stages.

Drought Round Projects:

- High Visibility Turf Removal & Retrofit: Red-Orange/13% completed. SBVMWD is behind in their turf removal.

2015 Round Projects:

- Some project planning and implementation has occurred on some of the projects, but the work has not yet started relative to invoicing.

Weideman highlighted WMWD's Customer Handbook to Using Water Efficiently project. WMWD staff is on schedule and the project is 45% complete. Rollout is anticipated in time for the May 2017 OWOW Conference.

Weideman concluded her presentation by reviewing project status updates outlined in her PowerPoint presentation, requesting questions from the Commission should they desire additional information or clarification.

Chair Evans inquired as to the funding for SBVMWD's Enhanced Stormwater Capture & Recharge project delayed by permitting issues. Celeste Cantú advised the final deadline is the bond's ability to close. The bond must close by a date certain set by the Treasury Department. If that deadline is not met, then it is no longer a viable project and we cannot disburse additional funds and must collect any funds previously disbursed. Those funds would then need to be directed toward another viable project to be completed before the bond closes. Commissioner Killgore noted he would follow up with SBVMWD staff; Celeste Cantú noted she would work with Headrick in addressing the permitting issue.

This item was for informational purposes; no action was taken on Agenda Item No. 5.D.

6. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

A. CASH TRANSACTIONS REPORT – SEPTEMBER 2016

B. INTER-FUND BORROWING – SEPTEMBER 2016 (CM#2016.97)

C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – SEPTEMBER 2016 (CM#2016.98)

D. FIRST QUARTER FYE 2017 EXPENSE REPORTS

- Staff
- General Manager

E. BUDGET SCHEDULE – FISCAL YEAR 2017-18, 2018-19

F. GENERAL MANAGER'S REPORT

Staff continues to work with WEF in developing a theme for the May 2017 OWOW Conference at the Ontario Convention Center.

G. SAWPA GENERAL MANAGERS MEETING NOTES

- October 31, 2016

H. CHAIR'S COMMENTS/REPORT

There were no comments or reports from the Chair.

I. COMMISSIONERS' COMMENTS

There were no Commissioners' comments.

J. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS

There were no Commissioner requests for future agenda items.

7. SPECIAL COMMENDATION – OUTGOING COMMISSIONER ED KILLGORE

Celeste Cantú presented outgoing Commissioner Ed Killgore with a Certificate of Appreciation for his service on the SAWPA Commission.

8. CLOSED SESSION

Larry McKenney noted the Commission would discuss Agenda Item No. 8.A., with no action anticipated. At 10:29 a.m., Chair Evans recessed the meeting to Closed Session. Designated personnel essential to the discussion of Agenda Item No. 8.A. were present during Closed Session.

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1)

Name of Case: Spiniello Companies v. Charles King Company, Inc., Santa Ana Watershed Project Authority, The Ohio Casualty Insurance Company (Superior Court of Los Angeles BC616589)

Chair Evans resumed Open Session at 10:51 a.m. There was no reportable action taken by the Commission during Closed Session.

9. ADJOURNMENT

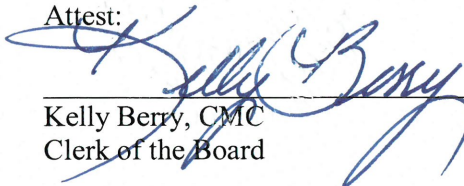
There being no further business for review, Chair Evans adjourned the meeting at 10:51 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, December 6, 2016.



Thomas P. Evans, Chair

Attest:



Kelly Berry, CMC
Clerk of the Board