


SOLANO COUNTY WATER AGENCY



MEMORANDUM

Agenda Item No. 8

TO: Board of Directors

FROM: David B. Okita, General Manager 

DATE: January 13, 2011

SUBJECT: January General Manager's Report

Great start to the water year! Lake Berryessa has increased about 75,000 acre feet from the low point in November. We are about 164,000 acre feet above Lake storage last year. Rains have started much earlier this year than past years. For perspective, we use about 200,000 acre feet per year. However this wet early season does not necessarily mean that it will be wet for the rest of the year as ocean conditions lead forecasters to predict a normal or dryer rainy season.

Our State Water Project allocation for 2011 is now 50%, up from the initial 25% allocation. The allocation is expected to increase further in mid-January after the January snow surveys are analyzed. There will be plenty of water in Solano County for 2011.

If you have any questions please contact me at 455-1103 or by e-mail at dokita@scwa2.com.

jan.2011.lt8.mem

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Elmira, California 95625-0349
Phone (707) 451-6090 • FAX (707) 451-6099
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Time Period Covered: December 2010

**REPORT OF CONSTRUCTION CHANGE ORDERS
AND CONTRACTS APPROVED BY GENERAL
MANAGER UNDER DELEGATED AUTHORITY**

Construction Contract Change Orders (15% of original project costs or \$50,000, whichever is less)

Construction Contracts (\$30,000 and less)

Professional Service Agreements (\$30,000 and less)

Northwest Hydraulic Consultants - \$10,000 – Putah South Canal Headworks Improvements

Douglas Nolan -\$1,750 increase to \$5,500 – School Water Education Program

3QC – \$10,000 increase to \$11,500 – Labor Compliance Program

Non-Professional Service Agreements (\$30,000 and less)

Construction contracts resulting from informal bids authorized by SCWA Ordinance

Note: Cumulative change orders or amendments resulting in exceeding the dollar limit need Board approval.

Z:\FORMS\Construction Change Orders.doc

**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: January 13, 2011

SUBJECT: Accept SCWA audit and Approve Appropriation Adjustments to the Fiscal Year 2010-2011 budget

RECOMMENDATION:

1. Accept Fiscal Year 2009-2010 Audit Report and staff responses to auditors' findings and recommendations.
2. Accept Appropriation Adjustments to the Fiscal Year 2010-2011 budget for the implementation of auditors' recommendation and the Agency's purchase of new office space.

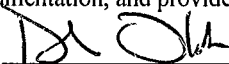
FINANCIAL IMPACT:

1. Cost of audit is \$17,500.
2. The Fund Balance of the Agency will decrease by \$1,715,200 for the Fiscal Year 2010-2011 in the fund financial statements. However, if the new office purchase occurred during Fiscal Year 2009-2010 the ending fund balance for Fiscal Year 2009-2010 would have been \$1,480,000 less. This action does not result in an increase in cash expenditures.

BACKGROUND:

1. In accordance with the State law establishing the Solano County Water Agency, an annual audit is performed. The audit for the Fiscal Year 2009-2010 was performed by the firm Nystrom & Company LLP. This is the first of two years of agreed upon audit work to be performed by Nystrom & Company LLP. The audit was performed in accordance with auditing standards generally accepted in the United States.

Staff met with the auditors' assigned to the audit several times, responded fully to requests for information and documentation, and provided access to the Agency's budgetary and meeting information.

Recommended: 
David B. Okita, General Manager

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Approved as recommended Other (see below)

Modification to Recommendation and/or other actions:

I, David B. Okita, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on January 13, 2011 by the following vote.

Ayes:

Noes:

Abstain:

Absent:

David B. Okita
General Manager & Secretary to the
Solano County Water Agency
Jan.2011.119.act

As a result of the review conducted over a period of several months the auditors' gave an unqualified opinion on the Independent Auditors' Report. This type of report is issued by an auditor when the financial statements presented are free from material misstatement and are represented fairly in accordance with Generally Accepted Accounting Principles (GAAP), which in other words means that the financial condition, position, and operations are fairly presented in the financial statements.

The Board of Directors needs to consider acceptance of the Audit Report for fiscal year 2009-2010 and staff responses to the auditors' findings and recommendations. Staff will implement all recommendations identified in the Financial Statements and the Independent Auditors' Communication to Management and the Board of Directors.

2. Solano County Water Agency voluntarily changed from enterprise reporting and the accrual basis of accounting to governmental fund type reporting and the modified accrual basis of accounting during the Fiscal Year 2009-2010 (see Note 1 – Changes in Accounting Principles in the Fiscal Year 2009-2010 Notes to the Financial Statements). The modified accrual basis of accounting records fixed assets as expenditures when the related liability occurs whereas the accrual basis of accounting records fixed assets over \$5,000 (SCWA policy) as a capital asset. In the Independent Auditors' Communication to Management and the Board of Directors for the Fiscal Year 2009-2010 audit the auditors' recommendation 2010-C suggests recording the fixed assets as expenditures when the related liability occurs. The fixed assets were budgeted in Fiscal Year 2010-2011 as capital assets thus they need to be characterized as a capital expense to conform to the audit recommendation. Also, the new office condominium purchase was budgeted in Fiscal Year 2009-2010 but the title transfer and purchase was not finalized until Fiscal Year 2010-2011, thus the auditors' require that it be expensed in FY 2010-2011.

Staff is requesting appropriation adjustments in the Fiscal Year 2010-2011 budget to transfer budgeted fixed assets from capital accounts to expenditure accounts and an additional expenditure in the budget for the new office purchase. The following schedule provides a summary of the adjustments:

Increase Appropriation	\$180,200	6390AC	Capital Expense
Decrease Appropriation	\$180,200	1500AC	Capital Account
Increase Appropriation	\$30,000	6390SC	Capital Expense
Decrease Appropriation	\$30,000	1500SC	Capital Account
Increase Appropriation	\$15,000	6390U	Capital Expense
Decrease Appropriation	\$15,000	1500U	Capital Account
Increase Appropriation	\$1,480,000	6390AC	Capital Expense
Decrease	\$1,480,000	3350SC	Fund Balance

**ACTION OF
SOLANO COUNTY WATER AGENCY**

DATE: January 13, 2011

SUBJECT: Agreement for Government Relations Representation by The Gualco Group

RECOMMENDATIONS:

1. Hear report from The Gualco Group on the past and upcoming State Legislative Session.
2. Authorize Chairman to execute an agreement with The Gualco Group to provide government relations representation for the Solano County Water Agency for the 2011 – 2012 State Legislative Session.

FINANCIAL IMPACT:

The cost of the agreement is not to exceed \$160,000 for the two year period. Funding for government relations representation has been included in the current year Water Agency budget. Funding will need to be included in future Agency budgets for this service. No change in costs from prior agreement.

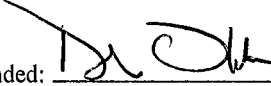
BACKGROUND:

The Gualco Group first started representation of the Water Agency in the 2003 – 2004 State Legislative Session. Their scope of services includes governmental advocacy and consulting services in the following areas:

- ✓ Securing funding from State Propositions
- ✓ Advocating Water Agency positions on legislation
- ✓ Protection of Water Agency revenues

The Gualco Group has performed well in these areas. Of particular interest in the upcoming legislation session are Delta issues, water conservation bills, state budget matters and allocation of funds from voter approved bonds.

Staff recommends that The Gualco Group be retained to continue to represent the Agency on these matters.

Recommended: 

David B. Okita, General Manager

Approved as recommended Other (see below)

Modification to Recommendation and/or other actions:

I, David B. Okita, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on January 13, 2011 by the following vote.

Ayes:

Noes:

Abstain:

Absent:

David B. Okita
General Manager & Secretary to the
Solano County Water Agency

Name of Project: **Governmental Advocacy and Consulting Services**

SOLANO COUNTY WATER AGENCY

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT, effective January 1, 2011 is between SOLANO COUNTY WATER AGENCY, a public agency existing under and by virtue of Chapter 573 of the 1989 statutes of the State of California, hereinafter referred to as "Agency," and The Gualco Group, Inc., hereinafter referred to as "Contractor."

The Agency requires services for **Governmental Advocacy and Consulting Services**; and the Contractor is willing to perform these services pursuant to the terms and conditions set out in this Agreement.

IT IS MUTUALLY AGREED, as follows:

1. SCOPE OF SERVICES

The Agency hereby engages the Contractor, and the Contractor agrees to perform the services for **Governmental Advocacy and Consulting Services**, as described in Exhibit A, in accordance with the terms of this Agreement and any applicable laws, codes, ordinances, rules or regulations. In case of conflict between any part of this Agreement, this Agreement shall control over any Exhibit.

2. COMPENSATION

Compensation for services shall be as follows: A \$6000.00 per month retainer. Any hours expended beyond the value of the retainer will be billed at the rates shown in Exhibit B depending on the person involved. In addition the Agency agrees to pay monthly reimbursement of direct and actual expenses (e.g., telephone, fax, mail and travel). Payment for monthly fees and costs shall be made by the Agency within 30 days of receipt of billing. Costs under this agreement shall not exceed \$160,000 for all work contemplated by this Agreement during the term of the Agreement.

3. METHOD OF PAYMENT

Upon submission of an invoice by the Contractor, and upon approval of the Agency's representative, the Agency shall pay the Contractor monthly in arrears for fees and allowed expenses incurred the prior month, up to the maximum amount provided for in paragraph 2 of this Agreement.

4. TIME OF PERFORMANCE

This Agreement shall become effective as of the date it is executed and said services will take place between this date and December 31, 2012 as directed by the Agency.

5. WARRANTY

The Agency has relied upon the professional ability and training of the Contractor as a material inducement to enter into this Agreement. The Contractor hereby warrants that all of its work will be performed in accordance with generally accepted professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptances of the Contractor's work by the Agency shall not operate as a waiver or release. The Contractor makes no promises or guarantees to the Agency about the outcome of Contractor's efforts, and nothing in this Agreement shall be construed as such a promise, guarantee, or contingency of any kind.

6. MODIFICATION AND TERMINATION

This Agreement may be modified or amended only by written instrument signed by the parties hereto, and the Contractor's compensation and time of performance of this Agreement shall be adjusted if they are materially affected by such modification or amendment.

This Agreement may be terminated by the Agency or the Contractor with 60 days written notice, at any time, without cause.

7. INDEMNIFY AND HOLD HARMLESS

To the fullest extent permitted by law, Contractor will defend, indemnify and hold harmless the Agency, its directors, officers, employees or authorized volunteers from all claims and demands of all persons arising out of the performance of the work or the furnishing of materials; including but not limited to, claims by the Contractor or Contractor's employees for damages to persons or property except for the sole negligence or willful misconduct or active negligence of the Agency, its directors, officers, employees, or authorized volunteers.

8. INSURANCE

By his/her signature hereunder, Contractor certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that Contractor will comply with such provisions before commencing the performance of the professional services under this agreement. Contractor and sub-contractors will keep workers' compensation insurance for their employees in effect during all work covered by this agreement.

9. SUBCONTRACT AND ASSIGNMENT

This Agreement binds the heirs, successors, assigns and representatives of the Contractor. The Contractor shall not enter into subcontracts for any work contemplated under this Agreement and shall not assign this Agreement or monies due or to become due, without the prior written consent of the General Manager of the Agency or his designee, subject to any required state or federal approval.

10. LEGAL ACTION

If any legal action is necessary to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to reimbursement of all reasonable attorney fees and costs incurred, including attorney fees and costs incurred in executing any judgment.

11. NOTICE

Any notice provided for herein are necessary to the performance of this Agreement and shall be given in writing by personal delivery or by prepaid first-class mail addressed as follows:

AGENCY

CONTRACTOR

David Okita, General Manager
Solano County Water Agency
P.O. Box 349
Elmira, CA 95625

Jackson R. Gualco, President
The Gualco Group, Inc.
770 L Street, Suite 1440
Sacramento, CA 95814-3325

The parties have executed this Agreement the day and year first above written. If the Contractor is a corporation, documentation must be provided that the person signing below for the Contractor has the authority to do so.

Solano County Water Agency
a Public Agency

The Gualco Group, Inc.

By: _____
_____ Chair
Board of Directors

By: _____
Jackson R. Gualco, President

EXHIBIT A

SCOPE OF SERVICES

Provision of governmental advocacy and consulting services in the following areas:

-Advocate funding for SCWA and member agency projects from State bonds and other available sources

-Monitor and take appropriate action as directed by SCWA regarding legislative and regulatory issues that may impact SCWA during the 2011-2012 legislative session

-Provide briefings and maintain ongoing communications with the of Solano County Water Agency legislative delegation of issues of importance to SCWA

-Maintain involvement in issues regarding local government/special district funding, governance and Delta issues including the Delta Stewardship Council and the Bay Delta Conservation Plan.

Other State government relations matters as identified and assigned by the General Manager.

EXHIBIT B

RATE OF COMPENSATION

HOURLY RATES

Professionals:

JACKSON R. GUALCO	\$280 per hour
PATRICK D. LEATHERS	\$280 per hour
MARK A. THEISEN	\$270 per hour
ELAINE BERGHAUSEN	\$270 per hour
KENDRA L. DAIJOGO	\$245 per hour
TIMOTHY BAKER	\$245 per hour
LISA C. RODRIGUEZ	\$145 per hour

Support Staff:

Lindsay Crane	\$95 per hour
Shawnee Patterson	\$90 per hour
Tomas Garza	\$55 per hour

INFORMATION ITEMS

**Solano Water Advisory Commission
Meeting Minutes
December 1, 2010**

Present: Jim Daniels, Solano Irrigation District; David Okita and Thomas Pate, Solano County Water Agency; Kathy Barnes-Jones, Solano County; Dave Tompkins and Maria Solis, Vacaville; Chris Tomasik, Benicia; Erik Nugteren, Vallejo; Felix Riesenber, Fairfield.

The meeting was called to order at 12:30 PM.

1. Approval of Minutes

Minutes of September 22, 2010 were approved as submitted.

2. SCWA General Manager's Report

David Okita reported that BDCP is struggling to resolve tough issues around the effects of proposed water operations of fish species. The Federal fish agencies are being evasive about their requirements. This has caused the Federal water contractors to withdraw from the BDCP process, but they understood that the State water contractors would remain, at least for the next few months, in the BDCP process. No big change is expected with the new State administration. BDCP impacts Solano because of the proposed large amounts of new habitat projects in Cache Slough and as a potential funding source for the North Bay Aqueduct Alternate Intake Project.

David reported that a group of Clarksburg grape growers are proposing a project that would provide 200 year levee protection to a site south of West Sacramento. This is the location of the NBA Alternate Intake and a Sacramento Regional wastewater pumping station. They are seeking a large Federal appropriation that would fund the levees, fund part of Sacramento Regional treatment upgrades and fund part of the NBA project. The location would also provide protected land for their winery operations. Staff will be recommending to the Board to "go along" with this concept since it has no apparent downsides.

David reported that the area of origin litigation has completed the first stage. The judge denied all the parties' requests for a summary judgment, so the matter will go to trial in the latter part of 2011.

David reported that the Lower Putah Creek Coordinating Committee will be discussing a project proposed to connect the lower end of Putah Creek to the Yolo Bypass Toe Drain to provide a better pathway for salmon and steelhead to get to Putah Creek. Solano should be concerned about this project absent

assurances that we will not be adversely impacted. This position is that same taken on Delta habitat projects.

Thomas reviewed the status of discussion with DWR on refurbishment of the Barker Slough pumping plant and the installation of the 10th pump. There was a meeting with DWR in January 2010 and DWR is still processing the paperwork to get the evaluation started. Due to the delays in DWR addressing the issue, direction was given to ask DWR to install the 10th pump in parallel to the determination of refurbishment. Thomas was requested to put in writing an approach to the DWR work needed to come to a decision on refurbishment. Thomas is to have a meeting with NBA contractors prior to a kick-off meeting with DWR at the beginning of 2011.

Lower Putah Creek Coordinating Committee appointments. The Commission approved a recommendation to the SCWA Board on the slate of Solano LPCCC members for 2011. The only change was with the retirements of Dave Tompkins and Rick Wood, the city representatives will be Maria Solis and Felix Riesenber.

3. PSC/NBA Maintenance Scheduling

Nothing additional to report.

4. Solano Water Authority Report

Dave Tompkins reported on the Noonan Reservoir project. He distributed some handouts showing project status. He has been in communication with Fairfield representatives who want to use some of the reservoir land for part of the train station development. There are some possibilities for land swaps that could benefit both parties. There is also a need to research geotechnical requirements for the embankment to see if standards have changed since the project was last considered. Thomas reported that DWR has been looking at the need for storage as part of the NBA Alternate Intake Project for off peak power pumping and operational benefits and have found that large amounts of storage are not necessary.

5. Urban Water Supply Planning; RD 2068 Conjunctive Use Project; SID Water Supply Availability

No report.

6. Emergency Coordination; Energy Curtailment and Power Outage Issues; PSC Impacts

There was no report.

7. Water Conservation and Recycling Program

There was no report

8. Legislative/Initiative/Court Decision Issues Not Discussed Above

Nothing additional to report.

9. New Business

Felix Riesenbergr was unanimously elected chair of the Commission replacing Dave Tompkins who is retiring.

10. Public Comments

There were no public comments.

The next meeting is scheduled for January 26, 2011.

The meeting adjourned at 3:30 PM.