SOLANO COUNTY WATER AGENCY

BOARD OF DIRECTORS MEETING

DATE: **Thursday, February 14, 2019**

TIME: **6:30 P.M.**

PLACE: **Berryessa Room**
Solano County Water Agency Office
810 Vaca Valley Parkway, Suite 203
Vacaville

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA**

4. **PUBLIC COMMENT**

   Limited to 5 minutes for any one item not scheduled on the Agenda.

5. **CONSENT ITEMS** *(estimated time: 5 minutes)*

   (A) Minutes: Approval of the Minutes of the Board of Directors meeting of January 10, 2019.

   (B) Expenditure Approvals: Approval of the January 2019 checking account register.

   (C) Sale of Surplus Property: Approve Resolution 2019-01 authorizing sale of surplus equipment no longer needed or useful for ongoing and anticipated Lower Putah Creek restoration activities.

   (D) Participation in Federal Surplus Personal Property Program: Approve Resolution 2019-02 authorizing participation in Federal Surplus Personal Property Program and designation of individuals authorized to acquire federal surplus property.

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SOLANO WATER
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(E) Authorize Purchase of YSI Water Quality Monitoring Equipment: Authorize General Manager to purchase YSI water quality monitoring equipment for Solano Project operations (total cost not to exceed $23,100).

(F) Participation in State Water Project Municipal Water Quality Investigations Program: Authorize General Manager to execute 3-year agreements with California Department of Water Resources and State Water Contractors for continuing participation in the State Water Project Municipal Water Quality Investigations Program.

(G) Purchase of Diamond Boom Mower and PBM 1,235 Gallon Spray Trailer: Authorize General Manager to purchase Diamond Boom Mower and PBM 1,235 Gallon Spray Trailer for the Ulatis Flood Control Project (total cost not to exceed $110,000).

(H) Authorize Vehicle Purchases for SCWA use: Authorize General Manager to purchase three vehicles; two to replace existing vehicles and one to expand SCWA vehicle fleet (total cost of three vehicles not to exceed $132,000).

(I) Excess FY 2018-2019 Other Post-Employment Benefits (OPEB) funds: Authorize General Manager to pay down unfunded CalPERS pension liability using $619,704 initially allocated for pay down of unfunded OPEB liability (note: OPEB now fully funded).

(J) Contract Amendment with AD Consultants: Authorize General Manager to execute $50,000 contract amendment for additional Lake Berryessa Operations analyses.

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6. **BOARD MEMBER REPORTS** *(estimated time: 5 minutes)*

RECOMMENDATION: For information only.

7. **GENERAL MANAGER'S REPORT** *(estimated time: 5 minutes)*

RECOMMENDATION: For information only.

8. **SOLANO WATER ADVISORY COMMISSION REPORT** *(estimated time: 5 minutes)*

RECOMMENDATION: For information only.

9. **FISCAL YEAR 2017-2018 AUDIT** *(estimated time: 10 minutes)*

RECOMMENDATION: Accept fiscal year 2017-2018 Audit.

10. **STATE WATER PROJECT CONTRACT AMENDMENT 21 (CONTRACT EXTENSION)** *(estimated time: 10 minutes)*

RECOMMENDATION: Authorize General Manager to sign State Water Project Contract Amendment 21 (contract extension).

11. VEHICLE PURCHASES FOR SOLANO PROJECT OPERATIONS
(estimated time: 10 minutes)

RECOMMENDATION: Authorize General Manager to purchase four vehicles for Solano Project Operations.

12. LEGISLATIVE UPDATES *(estimated time: 5 minutes)*

RECOMMENDATION:

1. Hear report from Committee Chair on activities of the SCWA Legislative Committee.

13. WATER POLICY UPDATES *(estimated time: 5 minutes)*

RECOMMENDATION:

1. Hear report from staff on current and emerging Delta and Water Policy issues and provide direction.

2. Hear status report from Committee Chair on activities of the SCWA Water Policy Committee.

3. Hear report from Supervisor Thomson on activities of the Delta Counties Coalition, Delta Protection Commission.

4. Hear report from Supervisor Thomson on activities of the Delta Conservancy.

14. CLOSED SESSION *(estimated time: 15 minutes)*

Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation
Pursuant to Government Code Section 54956.9(b): one case

15. TIME AND PLACE OF NEXT MEETING

Thursday, March 14, 2019 at 6:30 p.m. at the SCWA offices.

The Full Board of Directors packet with background materials for each agenda item can be viewed on the Agency's website at www.scwa2.com.

Any materials related to items on this agenda distributed to the Board of Directors of Solano County Water Agency less than 72 hours before the public meeting are available for public inspection at the Agency's offices located at the following address: 810 Vaca Valley Parkway, Suite 203, Vacaville, CA 95688. Upon request, these materials may be made available in an alternative format to persons with disabilities.

CONSENT ITEMS

SOLANO COUNTY WATER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

MEETING DATE: January 10, 2019

The Solano County Water Agency Board of Directors met this evening at the Solano County Water Agency office in Vacaville. Present were:

Mayor Elizabeth Patterson, City of Benicia
Mayor Thom Bogue, City of Dixon
Mayor Harry Price, City of Fairfield
Mayor Ronald Kott, City of Rio Vista
Mayor Lori Wilson, City of Suisun City
Mayor Ron Rowlett, City of Vacaville
Mayor Bob Sampayan, City of Vallejo
Supervisor Monica Brown, Solano County District 2
Supervisor Jim Spering, Solano County District 3
Supervisor John Vasquez, Solano County District 4
Supervisor Skip Thomson, Solano County District 5
Director John Kluge, Solano Irrigation District
Director Dale Crossley, Reclamation District 2068

CALL TO ORDER

The meeting was called to order at 6:35 p.m. by Chair Kluge.

APPROVAL OF AGENDA

On a motion by Mayor Rowlett and second by Mayor Price the Board unanimously approved the agenda.

PUBLIC COMMENT

Mr. Jeff Tenpas and Mr. Alan Pryor commented on the status of the Winters Putah Creek Nature Park restoration projects.

ELECTION OF OFFICERS AND APPOINTMENT OF EXECUTIVE COMMITTEE FOR 2019

On a motion by Supervisor Spering and a second by Mayor Price the Board unanimously approved the appointment of Supervisor Thomson as Chairman and Mayor Kott as the Vice Chairman of the SCWA Board for 2019. Supervisor Thomson promptly assumed the Board chair and appointed the following Board members to the Executive Committee:

Chairman Supervisor Thomson
Vice Chairman Mayor Kott
Mayor Patterson
Supervisor Spering
Director Kluge

CONSENT ITEMS

On a motion by Supervisor Vasquez and a second by Supervisor Brown the Board unanimously approved the following consent items:

(A) Minutes
(B) Expenditure Approvals
(C) Quarterly Financial Reports
(D) Contract Amendment with Solano Land Trust for Mitigation Land Development

Mayor Wilson abstained from item 6(A) Minutes from the December 13, 2018 Board meeting.

BOARD MEMBER REPORTS

Mayor Patterson reported that the California Water Plan update was released last week by the Department of Water Resources and is now available for public comment.

GENERAL MANAGER'S REPORT

There were no additions to the General Manager's written report.

SOLANO WATER ADVISORY COMMISSION

There was no report from the Solano Water Advisory Commission.

NORTH BAY WATERSHED ASSOCIATION MEMBERSHIP

General Manager Roland Sanford stated that joining the North Bay Watershed Association is consistent with the Water Agency's broader goal of cultivating and strengthen alliances on the west side of the County. He noted that the Board's Executive Committee expressed concerns regarding the cost of membership and acknowledged that the benefits of membership would be difficult to quantify because the primary benefit of membership is likely to be "relationship building" rather than a cost savings on purchases of materials or other tangible assets. Mr. Sanford explained that the cost of annual membership is likely to be on the order of $25,000 per year, rather than the $30,000 figure previously reported. He also explained that for the balance of the current fiscal year, the cost of membership would be $7,000. Mr. Sanford recommended the Water Agency join the North Bay Watershed Association and treat the remainder of this fiscal year as a "trial period", after which the Board could decide whether to continue membership in fiscal year 2019-2020.

On a motion by Supervisor Brown and second by Mayor Patterson the Board authorized the Board Chair to execute the Memorandum of Understanding, thereby making the Water Agency a member of the North Bay Watershed Association.

On a motion by Supervisor Brown and a second by Mayor Bogue, the Board unanimously appointed Mayor Patterson as the Agency's primary representative to the North Bay Watershed Association and Supervisor Hannigan to serve as Agency's alternate representative to North Bay Watershed Association.

APPOINTMENT OF LEGISLATIVE AND WATER POLICY COMMITTEES FOR 2019

Chair Thomson appointed the following members to the Legislative Committee:

Chairman Supervisor Thomson
Vice Chairman Mayor Kott
Mayor Patterson
Director Crossley
Director Kluge
Solano Water Advisory Commission representative (to be determined by the Solano Water Advisory Commission)
Patrick Leathers, Water Agency Legislative Advocate

Chair Thomson appointed the following members to the Water Policy Committee:

Chairman Supervisor Thomson
Mayor Patterson
Mayor Wilson
Supervisor Hannigan
Supervisor Vasquez
Director Crossley
Director Kluge
Solano Water Advisory Commission representative (to be determined by the Solano Water Advisory Commission)

LEGISLATIVE UPDATES

Supervisor Thomson, Mayor Patterson and General Manager Roland Sanford reported that members of the Legislative Committee met with Senator Bill Dodd and his Chief of Staff to discuss levee maintenance in the Delta, continued support of the Integrated Regional Water Management program, and the status of lower Putah Creek restoration projects. The Senator commented that he is a big fan of the restoration work the

Water Agency has completed on Putah Creek and that he gets more "hits" on the Putah Creek videos he has posted than anything else on his Facebook page. Supervisor Thomson, Mayor Patterson and General Manager Roland Sanford also reported that members of the Legislative Committee had met with Assemblymember Cecilia Aguiar-Curry, where they also discussed levee maintenance in the Delta, continued support of the Integrated Regional Water Management program, and the status of the Water Agency's on going Lower Putah Creek restoration projects.

WATER POLICY UPDATES

1. Staff noted that to date there has been much speculation but no announcement by the Governor regarding the Directors of the California Department of Fish and Wildlife, The Department of Water Resources, and the Chair of the State Water Resources Control Board.
2. There was no report from the Water Policy Committee.
3. Supervisor Thomson reported that the Delta Counties Coalition will be reaching out to the Governor to discuss Cal WaterFix and other issues pertinent to the Delta.
4. There was no report on the activities of the Delta Conservancy.

CLOSED SESSION

The Board moved into Closed Session at 7:13 pm to conference with legal counsel regarding anticipated litigation, pursuant to Government Code Section 54956.9(b) and to discuss real property negotiations, pursuant to Government Code Section 54956.8. The Board returned to open session at 8:13 pm. There were no reportable actions taken by the Board in Closed Session.

TIME AND PLACE OF NEXT MEETING

Thursday, February 14, 2019 at 6:30 p.m., at the SCWA offices in Vacaville.

ADJOURNMENT

This meeting of the Solano County Water Agency Board of Directors was adjourned at 8:14 p.m.

Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Expenditures Approval**

RECOMMENDATIONS:

Approve expenditures from the Water Agency checking accounts for January, 2019.

FINANCIAL IMPACT:

All expenditures are within previously approved budget amounts.

BACKGROUND:

The Water Agency auditor has recommended that the Board of Directors approve all expenditures (in arrears). Attached is a summary of expenditures from the Water Agency's checking accounts for January, 2019. Additional backup information is available upon request.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended ☐ Other (see below) ☐ Continued on next page

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Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

SOLANO COUNTY WATER AGENCY
Cash Disbursements Journal
For the Period From Jan 1, 2019 to Jan 31, 2019

Filter Criteria includes: Report order is by Check Number. Report is printed in Detail Format.

Date	Check #	Account ID	Line Description	Debit Amou	Credit Amou
1/23/1	10184	2020WC	Invoice: 18-12-3868	3,930.50	
		1020SC	MBK ENGINEERS		3,930.50
1/2/19	32704	2020SC	Invoice: 214388	35.00	
		1020SC	A & L WESTERN AGRICULTURAL LABS		35.00
1/2/19	32705	2020SC	Invoice: 10742	4,800.00	
		1020SC	A-2-Z LANDSCAPING		4,800.00
1/2/19	32706	2020SC	Invoice: 80702	10,705.80	
		2020SC	Invoice: 82116	1,032.50	
		1020SC	BROADBENT & ASSOCIATES		11,738.30
1/2/19	32707	2020SC	Invoice: 17740	2,256.63	
		2020SC	Invoice: 17741	832.59	
		1020SC	CENTRAL VALLEY EQUIPMENT REPAIR		3,089.22
1/2/19	32708	2020SC	Invoice: 5012565568	91.84	
		2020SC	Invoice: 5012596129	209.88	
		1020SC	CINTAS CORPORATION		301.72
1/2/19	32709	2020SC	Invoice: 00083	75.00	
		1020SC	CLUBSODAPRO CORP		75.00
1/2/19	32710	2020SC	Invoice: 4733979-0004	3,075.90	
		2020SC	Invoice: 4809235-0001	341.38	
		2020SC	Invoice: 4771508-0002	5,923.77	
		1020SC	CRESCO EQUIPMENT RENTAL		9,341.05
1/2/19	32711	2020SC	Invoice: 19-128-V NOV 2018	64,919.00	
		2020SC	Invoice: 19-026-T JAN 2019	2,867,072.00	
		2020SC	Invoice: 19-024-O JAN 2019	1,058.00	
		1020SC	DEPARTMENT OF WATER RESOURCES		2,933,049.00
1/2/19	32712	2020N	Invoice: 6-407-74646	381.49	
		1020SC	FEDEX EXPRESS		381.49
1/2/19	32713	2020SC	Invoice: 111164	2,734.50	
		1020SC	GHD, INC.		2,734.50
1/2/19	32714	2020SC	Invoice: ER7283941010	4,837.82	
		1020SC	HOLT OF CALIFORNIA		4,837.82
1/2/19	32715	2020SC	Invoice: CL10378	553.09	
		1020SC	INTERSTATE OIL COMPANY		553.09
1/2/19	32716	2020N	Invoice: 1218-4	600.00	
		1020SC	JEFFREY J JANIK		600.00
1/2/19	32717	2020SC	Invoice: NAPA WHOLE 1ST 18/19	156,000.00	
		1020SC	COUNTY OF NAPA		156,000.00
1/2/19	32718	2020SC	Invoice: 37880560	3,253.48	
		1020SC	NUTRIEN AG SOLUTIONS		3,253.48
1/2/19	32719	2020SC	Invoice: 11/9/18-12/10/18	1,211.19	
		1020SC	PACIFIC GAS & ELECTRIC CO,		1,211.19
1/2/19	32720	2020SC	Invoice: 3102789814	535.33	
		1020SC	PITNEY BOWES		535.33
1/2/19	32721	2020SC	Invoice: 15475	2,025.00	
		1020SC	PMS INSTRUMENT CO		2,025.00
1/2/19	32722	2020SC	Invoice: 0144957-IN	737.40	
		1020SC	PREFERRED ALLIANCE, INC		737.40
1/2/19	32723	2020SC	Invoice: WCP-34	2,541.00	
		1020SC	RICHARD HEATH & ASSOCIATES, INC.		2,541.00

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1/2/19	32724	2020SC	Invoice: 009366	263.39	
		1020SC	SAM'S CLUB		263.39
1/2/19	32725	2020SC	Invoice: 1165	13,712.94	
		2020SC	Invoice: 1223	8,097.14	
		2020SC	Invoice: 1199	8,283.18	
		2020SC	Invoice: 1246	4,097.86	
		1020SC	SOLANO RESOURCE CONSERVATION DISTRICT		34,191.12
1/2/19	32726	2020SC	Invoice: CALL#148 - 1	270.00	
		1020SC	CHARLES LOMELI, TAX COLLECTOR		270.00
1/2/19	32727	2020SC	Invoice: 35047	349.00	
		2020SC	Invoice: 35049	704.00	
		2020SC	Invoice: 35043	3,062.00	
		2020SC	Invoice: 35055	352.00	
		2020SC	Invoice: 35057	684.00	
		2020SC	Invoice: 35045	704.00	
		2020SC	Invoice: 35046	342.00	
		2020SC	Invoice: 35044	352.00	
		2020SC	Invoice: 35048	352.00	
		2020SC	Invoice: 35051	1,056.00	
		2020SC	Invoice: 35053	704.00	
		2020SC	Invoice: 35052	704.00	
		2020SC	Invoice: 35042	666.00	
		2020SC	Invoice: 35058	704.00	
		2020SC	Invoice: 35056	704.00	
		2020SC	Invoice: 35054	704.00	
		2020SC	Invoice: 35050	352.00	
		2020SC	Invoice: 35041	34,486.00	
		1020SC	SOUTHWEST ENVIRONMENTAL		46,981.00
1/2/19	32728	2020SC	Invoice: 006492990046JAN 2019	1,845.73	
		1020SC	STANDARD INSURANCE COMPANY		1,845.73
1/2/19	32729	2020SC	Invoice: 2195654651	149.82	
		2020SC	Invoice: 2195670161	55.44	
		2020SC	Invoice: 2202247591		5.98
		2020SC	Invoice: 2202909221	23.78	
		2020SC	Invoice: 2204399561	192.16	
		2020SC	Invoice: 2204436451	108.11	
		2020SC	Invoice: 2210233361	104.06	
		2020SC	Invoice: 2211704081	75.23	
		2020SC	Invoice: 2211708461	55.34	
		1020SC	STAPLES		757.96
1/2/19	32730	2020SC	Invoice: 2018-19 COMM CHARGE	2,547.00	
		1020SC	STATE WATER CONTRACTORS		2,547.00
1/2/19	32731	2020SC	Invoice: KATHLEEN COONEY	980.00	
		1020SC	KATHLEEN G. COONEY		980.00
1/2/19	32732	2020SC	Invoice: MICHELLE CRAIG	1,000.00	
		1020SC	MICHELLE CRAIG		1,000.00
1/2/19	32733	2020SC	Invoice: JOHN HILDENBRAND	1,000.00	
		1020SC	JOHN HILDENBRAND		1,000.00
1/2/19	32734	2020SC	Invoice: KRISSY HITESHEW	1,000.00	
		1020SC	KRISSY HITESHEW		1,000.00
1/2/19	32735	2020SC	Invoice: CORAZON JAMES	1,000.00	
		1020SC	CORAZON JAMES		1,000.00
1/2/19	32736	2020SC	Invoice: FARIDA KAJANI	1,000.00	
		1020SC	FARIDA KAJANI		1,000.00
1/2/19	32737	2020SC	Invoice: TANYA LEWIS	1,000.00	
		1020SC	TANYA LEWIS		1,000.00
1/2/19	32738	2020SC	Invoice: TOM PRICE	320.00	

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		1020SC	TOM PRICE		320.00
1/2/19	32739	2020SC	Invoice: JOSEPH SIOTECO	750.00	
		1020SC	JOSEPH SIOTECO		750.00
1/2/19	32740	2020SC	Invoice: ROBB TROST	459.00	
		1020SC	ROBB TROST		459.00
1/2/19	32741	2020SC	Invoice: RENEE WINGE	1,000.00	
		1020SC	RENEE F. WINGE		1,000.00
1/2/19	32742	2020SC	Invoice: LPCCC-FY2018-19-3	2,708.00	
		2020SC	Invoice: SCWA-FY2018-19-3	8,356.44	
		1020SC	KEN W. DAVIS, DBA		11,064.44
1/2/19	32743	2020SC	Invoice: 002188	200.00	
		1020SC	YOLO-SOLANO AQMD		200.00
1/10/1	32744	2020SC	Invoice: 10.01.18 - 12.31.18	4,298.08	
		1020SC	ACWA JOINT POWERS INSURANCE AUTHORIT		4,298.08
1/10/1	32745	2020SC	Invoice: 108	5,000.00	
		1020SC	AVRY DOTAN DBA AD CONSULTANTS		5,000.00
1/10/1	32746	2020SC	Invoice: 2884173	601.39	
		1020SC	AMERICAN TOWER CORPORATION		601.39
1/10/1	32747	2020SC	Invoice: BA6015	1,483.33	
		2020SC	Invoice: BA6016	1,250.00	
		2020SC	Invoice: BA6017	1,733.33	
		1020SC	BLANKINSHIP & ASSOCIATES, INC.		4,466.66
1/10/1	32748	2020SC	Invoice: A838867	1,898.00	
		1020SC	BSK ASSOCIATES		1,898.00
1/10/1	32749	2020SC	Invoice: QLB2493	42.23	
		2020SC	Invoice: QLK6477	1,152.70	
		2020SC	Invoice: QLP7557	1,639.04	
		2020SC	Invoice: QNN2180	2,224.49	
		1020SC	CDW GOVERNMENT, INC.		5,058.46
1/10/1	32750	2020N	Invoice: JAN 2019	8,600.00	
		1020SC	CLEAN TECH ADVOCATES		8,600.00
1/10/1	32751	2020SC	Invoice: 1266544	42.60	
		1020SC	COUNTY OF YOLO		42.60
1/10/1	32752	2020SC	Invoice: JAN 2019 LEG MTG	100.00	
		1020SC	DALE CROSSLEY		100.00
1/10/1	32753	2020SC	Invoice: 5846978	1,205.12	
		1020SC	TIAA BANK		1,205.12
1/10/1	32754	2020SC	Invoice: 4721	32,197.12	
		1020SC	EYASCO, INC.		32,197.12
1/10/1	32755	2020SC	Invoice: 393085	314.79	
		1020SC	HAUGHN & SON TIRE		314.79
1/10/1	32756	2020SC	Invoice: T83941011	282.96	
		2020SC	Invoice: T8394201	3,321.74	
		2020SC	Invoice: T8394102	898.30	
		1020SC	HOLT OF CALIFORNIA		4,503.00
1/10/1	32757	2020SC	Invoice: 5014171	95.02	
		2020SC	Invoice: 0014891	498.82	
		2020SC	Invoice: 4010056	69.89	
		2020SC	Invoice: 5011412	151.81	
		1020SC	HOME DEPOT CREDIT SERVICE		815.54
1/10/1	32758	2020SC	Invoice: CL11750	703.27	
		1020SC	INTERSTATE OIL COMPANY		703.27

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1/10/1	32759	2020SC	Invoice: 163753	42,323.75	
		1020SC	LSA ASSOCIATES, INC.		42,323.75
1/10/1	32760	2020SC	Invoice: 175.00	175.00	
		1020SC	M&M SANITARY LLC		175.00
1/10/1	32761	2020SC	Invoice: 127178	1,448.96	
		1020SC	METER GROUP, INC. USA		1,448.96
1/10/1	32762	2020SC	Invoice: 15292655	520.35	
		2020SC	Invoice: 15292656	96.23	
		1020SC	OFFICE RELIEF, INC		616.58
1/10/1	32763	2020SC	Invoice: 265433	64.34	
		2020SC	Invoice: 265535	33.86	
		2020SC	Invoice: 018312	43.23	
		2020SC	Invoice: 265937	79.34	
		2020SC	Invoice: 266091		126.47
		1020SC	PACIFIC ACE HARDWARE		94.30
1/10/1	32763V	2020SC	Invoice: 265433		64.34
		2020SC	Invoice: 265535		33.86
		2020SC	Invoice: 018312		43.23
		2020SC	Invoice: 265937		79.34
		2020SC	Invoice: 266091	126.47	
		1020SC	PACIFIC ACE HARDWARE	94.30	
1/10/1	32764	2020SC	Invoice: 817922	110.54	
		2020SC	Invoice: 818407	232.64	
		2020SC	Invoice: 818408	17.87	
		2020SC	Invoice: 818359	138.35	
		2020SC	Invoice: 818599	75.08	
		2020SC	Invoice: 818785	62.55	
		2020SC	Invoice: 819082	37.54	
		2020SC	Invoice: 819255	36.14	
		1020SC	BOB PISANI & SON		710.71
1/10/1	32765	2020SC	Invoice: 1231180229	9,963.75	
		1020SC	SHANDAM CONSULTING		9,963.75
1/10/1	32766	2020SC	Invoice: 0007352	183,396.77	
		2020SC	Invoice: 0007351	59,808.66	
		1020SC	SOLANO IRRIGATION DISTRICT		243,205.43
1/10/1	32767	2020U	Invoice: 08018	14,563.84	
		2020U	Invoice: 08021	14,095.53	
		2020U	Invoice: 08019	27,602.24	
		2020U	Invoice: 08020	20,314.56	
		2020U	Invoice: 08022	7,202.82	
		1020SC	SOLANO COUNTY PUBLIC WORKS DIVISION		83,778.99
1/10/1	32768	2020SC	Invoice: JAN 2019 BOD MTG	100.00	
		1020SC	JAMES SPERING		100.00
1/10/1	32768V	2020SC	Invoice: JAN 2019 BOD MTG		100.00
		1020SC	JAMES SPERING	100.00	
1/10/1	32769	2020SC	Invoice: 58263	362.18	
		2020SC	Invoice: 58297	86.07	
		1020SC	SUISUN VALLEY FRUIT GROWERS AS		448.25
1/10/1	32770	2020SC	Invoice: WD-0151654	218.00	
		1020SC	STATE WATER RESOURCES CONTROL BOARD		218.00
1/11/1	32770V	2020SC	Invoice: WD-0151654		218.00
		1020SC	STATE WATER RESOURCES CONTROL BOARD	218.00	
1/10/1	32771	2020SC	Invoice: 201901-13416	528.75	
		1020SC	TERRA REALTY ADVISORS, INC.		528.75

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Date	Check #	Account ID	Line Description	Debit Amou	Credit Amou
1/10/1	32772	2020SC	Invoice: BAWMRP #22	4,680.00	
		1020SC	THINKING GREEN CONSULTANTS		4,680.00
1/10/1	32773	2020SC	Invoice: 12161927	377.23	
		1020SC	THE TREMONT GROUP, INC.		377.23
1/10/1	32774	2020SC	Invoice: 9821137694	2,563.29	
		1020SC	VERIZON WIRELESS		2,563.29
1/10/1	32775	2020SC	Invoice: 2036955	5,205.13	
		1020SC	WEST YOST & ASSOCIATES		5,205.13
1/10/1	32776	2020SC	Invoice: 122970	6,348.87	
		1020SC	WOOD RODGERS, INC.		6,348.87
1/10/1	32777	2020SC	Invoice: DS01-2	720.00	
		1020SC	YOLO COUNTY RCD		720.00
1/10/1	32778	2020SC	Invoice: 265433	64.34	
		2020SC	Invoice: 265535	33.86	
		2020SC	Invoice: 018312	43.23	
		2020SC	Invoice: 265937	79.34	
		2020SC	Invoice: 266091		126.47
		2020SC	Invoice: 266090	158.64	
		2020SC	Invoice: 266087	126.47	
		1020SC	PACIFIC ACE HARDWARE		379.41
1/10/1	32779	2020SC	Invoice: JAN 2019 BOD MTG	100.00	
		1020SC	JAMES SPERING		100.00
1/15/1	32780	2020SC	Invoice: 400	250.00	
		1020SC	ASSOCIATION OF BAY AREA GOVERNMENTS		250.00
1/17/1	32781	2020SC	Invoice: 0592491	1,707.48	
		1020SC	ACWA JOINT POWERS INSURANCE AUTHORITY		1,707.48
1/17/1	32782	2020SC	Invoice: 82196	695.65	
		1020SC	BROADBENT & ASSOCIATES		695.65
1/17/1	32783	2020SC	Invoice: 55107575	680.78	
		1020SC	CHEVRON AND TEXACO		680.78
1/17/1	32784	2020SC	Invoice: 1270566	78.00	
		1020SC	COUNTY OF YOLO		78.00
1/17/1	32785	2020SC	Invoice: JAN 2019 BOD MTG	100.00	
		1020SC	DALE CROSSLEY		100.00
1/17/1	32786	2020SC	Invoice: 0000001170423	2,101.00	
		2020SC	Invoice: 0000001170423-A	900.00	
		1020SC	DEPARTMENT OF GENERAL SERVICES		3,001.00
1/17/1	32787	2020SC	Invoice: 112613	1,255.00	
		1020SC	GHD, INC.		1,255.00
1/17/1	32788	2020SC	Invoice: DEC 2018	1,028.41	
		1020SC	THOMAS MICHAEL HARDESTY		1,028.41
1/17/1	32789	2020SC	Invoice: PS010883655	49.87	
		1020SC	HOLT OF CALIFORNIA		49.87
1/17/1	32790	2020SC	Invoice: 2018-94	822.50	
		1020SC	IN COMMUNICATIONS		822.50
1/17/1	32791	2020SC	Invoice: JAN 2019 BOD MTG	100.00	
		1020SC	JOHN D. KLUGE		100.00
1/17/1	32792	2020SC	Invoice: 34563	10,478.25	
		1020SC	LUHDORFF & SCALMANINI		10,478.25

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Date	Check #	Account ID	Line Description	Debit Amou	Credit Amou
1/17/1	32793	2020SC	Invoice: 24.02-12	34,609.23	
		1020SC	MCCORD ENVIRONMENTAL, INC.		34,609.23
1/17/1	32794	2020SC	Invoice: 12/17/18 REFILL	1,510.00	
		1020SC	PITNEY BOWES POSTAGE BY PHONE		1,510.00
1/17/1	32795	2020SC	Invoice: 43893692	253.75	
		1020SC	RECOLOGY VACAVILLE SOLANO		253.75
1/17/1	32796	2020SC	Invoice: 9215	2,929.75	
		1020SC	REGIONAL GOVERNMENT SERVICES		2,929.75
1/17/1	32797	2020SC	Invoice: JAN 2019 BOD MTG	127.25	
		1020SC	BOB SAMPAYAN		127.25
1/17/1	32798	2020U	Invoice: DEC 2018	311.91	
		1020SC	SOLANO COUNTY FLEET MANAGEMENT		311.91
1/17/1	32799	2020SC	Invoice: JAN 2019 EXEC MTG	100.00	
		1020SC	JAMES SPERING		100.00
1/17/1	32800	2020SC	Invoice: 2018-12-SCWA	11,195.99	
		1020SC	SUSTAINABLE SOLANO		11,195.99
1/17/1	32801	2020SC	Invoice: WD-0151654	218.00	
		1020SC	STATE WATER RESOURCES CONTROL BOARD		218.00
1/17/1	32802	2020SC	Invoice: OCT/NOV 2018	18,028.95	
		2020SC	Invoice: DEC 2018	6,705.95	
		1020SC	CRAIG D. THOMSEN		24,734.90
1/17/1	32803	2020SC	Invoice: YAKUAN SU	932.00	
		1020SC	YAKUAN SU		932.00
1/17/1	32804	2020SC	Invoice: JAN 2019 BOD MTG	100.00	
		1020SC	JOHN VASQUEZ		100.00
1/17/1	32805	2020SC	Invoice: 310	27,393.75	
		1020SC	JOHN B WHITCOMB		27,393.75
1/17/1	32806	2020SC	Invoice: 6853	1,920.00	
		1020SC	WINTERS AGGREGATE, LLC		1,920.00
1/18/1	32807	2020SC	Invoice: JAN 2019 BOD MTG	100.00	
		1020SC	LORI WILSON		100.00
1/23/1	32808	2020SC	Invoice: 41927	1,462.48	
		1020SC	AARON'S AUTOMOTIVE		1,462.48
1/23/1	32809	2020SC	Invoice: 000012480060	256.00	
		2020SC	Invoice: 000012480105	164.68	
		1020SC	CALNET3		420.68
1/23/1	32810	2020SC	Invoice: 25350	4,885.24	
		1020SC	JOHN C GARCIA		4,885.24
1/23/1	32811	2020SC	Invoice: 50009606962	2,576.99	
		1020SC	HD SUPPLY		2,576.99
1/23/1	32812	2020SC	Invoice: OP-59530-19	138.35	
		1020SC	HEDGEROW FARMS, INC.		138.35
1/23/1	32813	2020SC	Invoice: 91135	397.80	
		1020SC	HERUM \ CRABTREE \ SUNTAG		397.80
1/23/1	32814	2020SC	Invoice: 67100170963	315.00	
		1020SC	LES SCHWAB TIRE CENTER		315.00
1/23/1	32815	2020SC	Invoice: 1	1,431.00	
		1020SC	PROMOTIONAL DESIGN GROUP		1,431.00

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1/23/1	32816	2020SC	Invoice: 04200	77.00	
		1020SC	SHELDON		77.00
1/23/1	32817	2020SC	Invoice: 006492990046FEB 2019	1,845.73	
		1020SC	STANDARD INSURANCE COMPANY		1,845.73
1/23/1	32818	2020SC	Invoice: 21532	376.45	
		1020SC	SUMMERS ENGINEERING, INC.		376.45
1/23/1	32819	2020SC	Invoice: 01-51793926	660.00	
		1020SC	THE REGENTS OF THE UNIVERSITY OF CA		660.00
1/23/1	32820	2020SC	Invoice: 15	962.00	
		1020SC	THINKING GREEN CONSULTANTS		962.00
1/23/1	32821	2020SC	Invoice: SANDRA BOYD	50.00	
		1020SC	SANDRA BOYD		50.00
1/23/1	32822	2020SC	Invoice: JONAS ESPERANZA	1,000.00	
		1020SC	JONAS EXPERANZA		1,000.00
1/23/1	32823	2020SC	Invoice: DELANE FAWCETT	676.00	
		1020SC	DELANE FAWCETT		676.00
1/23/1	32824	2020SC	Invoice: BRIAN FEENEY	1,000.00	
		1020SC	BRIAN FEENEY		1,000.00
1/23/1	32825	2020SC	Invoice: KAREN SCHLUMPP	391.00	
		1020SC	KAREN SCHLUMPP		391.00
1/23/1	32826	2020SC	Invoice: RANGINA TOTAKHAL	925.00	
		1020SC	RANGINA TOTAKHAL		925.00
1/23/1	32827	2020SC	Invoice: 24343	320.83	
		1020SC	VACAVILLE TRAILER SALES		320.83
1/23/1	32828	2020SC	Invoice: 576	225.00	
		1020SC	DACEY G HAVENS		225.00
1/23/1	32829	2020SC	Invoice: 9993	595.00	
		1020SC	WINTERS BROADBAND		595.00
1/23/1	32830	2020SC	Invoice: 123628	8,155.31	
		1020SC	WOOD RODGERS, INC.		8,155.31
1/23/1	32831	2020SC	Invoice: 1556	619.00	
		1020SC	YOLO-SOLANO AQMD		619.00
1/29/1	32832	2020SC	Invoice: 2623	3,217.50	
		2020SC	Invoice: 2624	1,473.75	
		1020SC	AG INNOVATIONS		4,691.25
1/29/1	32833	2020U	Invoice: MD-2019-207	12,606.00	
		1020SC	CALIFORNIA WATER EFFICIENCY PARTNERSHIP		12,606.00
1/29/1	32834	2020SC	Invoice: 5012767763	84.59	
		1020SC	CINTAS CORPORATION		84.59
1/29/1	32835	2020N	Invoice: TBL A WATER TRANSFER	1,000,000.00	
		1020SC	CITY OF VALLEJO-WATER DEPT		1,000,000.00
1/29/1	32836	2020N	Invoice: TBLA TRANSFERS SCVWD	254,400.00	
		1020SC	CITY OF VACAVILLE		254,400.00
1/29/1	32837	2020SC	Invoice: 4771508-0003	2,575.35	
		1020SC	CRESCO EQUIPMENT RENTAL		2,575.35
1/29/1	32838	2020N	Invoice: TBL A WATER TRANSFER	254,600.00	
		1020SC	CITY OF FAIRFIELD		254,600.00

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1/29/1	32839	2020SC	Invoice: CAVAC63448	170.46	
		1020SC	FASTENAL COMPANY		170.46
1/29/1	32840	2020N	Invoice: 6-433-58314	230.30	
		1020SC	FEDEX EXPRESS		230.30
1/29/1	32841	2020SC	Invoice: 113037	7,943.00	
		2020SC	Invoice: 113039	113.25	
		1020SC	GHD, INC.		8,056.25
1/29/1	32842	2020SC	Invoice: 438707	1,575.00	
		1020SC	ANDY W.GIANNINI		1,575.00
1/29/1	32843	2020SC	Invoice: CL13050	559.26	
		1020SC	INTERSTATE OIL COMPANY		559.26
1/29/1	32844	2020SC	Invoice: 8475446	1,586.73	
		1020SC	OVIVO USA, LLC.		1,586.73
1/29/1	32845	2020SC	Invoice: 12/11/18-1/9/19	1,211.63	
		1020SC	PACIFIC GAS & ELECTRIC CO,		1,211.63
1/29/1	32846	2020SC	Invoice: WCP-37	3,646.50	
		1020SC	RICHARD HEATH & ASSOCIATES, INC.		3,646.50
1/29/1	32847	2020U	Invoice: 08024	1,238.97	
		2020U	Invoice: 08026	4,918.31	
		2020U	Invoice: 08025	34,730.21	
		2020U	Invoice: 08027	1,606.57	
		1020SC	SOLANO COUNTY PUBLIC WORKS DIVISION		42,494.06
1/29/1	32848	2020SC	Invoice: 2214862771	147.46	
		2020SC	Invoice: 2215518181	135.21	
		2020SC	Invoice: 2220908121	152.07	
		2020SC	Invoice: 2225842631	22.48	
		2020SC	Invoice: 2226342801	167.76	
		2020SC	Invoice: 2227454771	122.91	
		1020SC	STAPLES		747.89
1/29/1	32849	2020N	Invoice: TBL A TRANSFERS	91,000.00	
		1020SC	CITY OF SUISUN CITY		91,000.00
1/29/1	32850	2020SC	Invoice: 2037036	3,161.98	
		1020SC	WEST YOST & ASSOCIATES		3,161.98
1/29/1	32851	2020SC	Invoice: 766058	920.41	
		1020SC	YELLOW SPRINGS INSTRUMENT CO.		920.41
1/25/1	ASHLEY DEC 2018	2020SC	Invoice: ASHLEY DEC 2018	754.85	
		1020SC	UMPQUA BANK		754.85
1/25/1	BARICH DEC 2018	2020SC	Invoice: BARICH DEC 2018	148.94	
		1020SC	UMPQUA BANK		148.94
1/25/1	COLIAS DEC 2018	1020SC	UMPQUA BANK		
1/25/1	CRUZ DEC 2018	2020SC	Invoice: CRUZ DEC 2018	1,100.00	
		1020SC	UMPQUA BANK		1,100.00
1/2/19	EFT	2020SC	Invoice: HEALTH JAN 2019	22,879.83	
		1020SC	CALPERS		22,879.83
1/3/19	EFT	2020SC	Invoice: SIP PPE 12.29.18	5,469.49	
		1020SC	CALPERS		5,469.49
1/3/19	EFT	2020SC	Invoice: PEPRA PPE 12.29.18	2,782.38	
		1020SC	CALPERS		2,782.38
1/3/19	EFT	2020SC	Invoice: PPE 12.29.18	9,080.50	
		1020SC	CALPERS		9,080.50

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Date	Check #	Account ID	Line Description	Debit Amou	Credit Amou
1/4/19	EFT	2020SC	Invoice: 2019010201	240.20	
		1020SC	PAYCHEX, INC.		240.20
1/11/1	EFT	6111AC	FSA PARTICIPANT FEE JAN 2019	118.00	
		6111AC	STRATUSTIME ADMINISTRATION JAN 2019	297.00	
		1020SC	PAYCHEX, INC.		415.00
1/12/1	EFT	2024AC	EMPLOYEE LIABILITIES PPE 01.12.19	15,380.19	
		6012AC	EMPLOYER LIABILITIES PPE 01.12.19	3,314.93	
		1020SC	PAYROLL TAXES		18,695.12
1/18/1	EFT	2020SC	Invoice: 2019011601	884.45	
		1020SC	PAYCHEX, INC.		884.45
1/16/1	EFT	2020SC	Invoice: PPE 01.12.19	9,080.50	
		1020SC	CALPERS		9,080.50
1/16/1	EFT	2020SC	Invoice: PEPRA PPE 01.12.19	2,776.21	
		1020SC	CALPERS		2,776.21
1/16/1	EFT	2020SC	Invoice: SIP PPE 01.12.19	5,509.49	
		1020SC	CALPERS		5,509.49
1/25/1	FLORENDO DEC 2018	2020SC	Invoice: FLORENDO DEC 2018	508.66	
		1020SC	UMPQUA BANK		508.66
1/25/1	FOWLER DEC 2018	2020SC	Invoice: FOWLER DEC 2018	748.27	
		1020SC	UMPQUA BANK		748.27
1/25/1	HERR DEC 2018	2020SC	Invoice: HERR DEC 2018	22.67	
		1020SC	UMPQUA BANK		22.67
1/25/1	HYER DEC 2018	2020SC	Invoice: HYER DEC 2018	1,445.51	
		1020SC	UMPQUA BANK		1,445.51
1/25/1	JONES DEC 2018	2020SC	Invoice: JONES DEC 2018	529.27	
		1020SC	UMPQUA BANK		529.27
1/25/1	LEE DEC 2018	2020SC	Invoice: LEE DEC 2018	1,257.51	
		1020SC	UMPQUA BANK		1,257.51
1/25/1	MAROVICH DEC 2018	2020SC	Invoice: MAROVICH DEC 2018	123.79	
		1020SC	UMPQUA BANK		123.79
1/25/1	NGUYEN DEC 2018	2020SC	Invoice: NGUYEN DEC 2018	603.70	
		1020SC	UMPQUA BANK		603.70
1/25/1	PASCUAL DEC 2018	2020SC	Invoice: PASCUAL DEC 2018	565.93	
		1020SC	UMPQUA BANK		565.93
1/25/1	PATE DEC 2018	2020SC	Invoice: PATE DEC 2018	236.80	
		1020SC	UMPQUA BANK		236.80
1/25/1	SANFORD DEC 2018	2020SC	Invoice: SANFORD DEC 2018	108.10	
		1020SC	UMPQUA BANK		108.10
1/25/1	SNYDER DEC 2018	2020SC	Invoice: SNYDER DEC 2018	1,548.78	
		1020SC	UMPQUA BANK		1,548.78
1/25/1	WILLINGMYRE DEC 2018	2020SC	Invoice: WILLINGMYRE DEC 2018	70.00	
		1020SC	UMPQUA BANK		70.00
1/29/1	WIRE 1.29.19	2020SC	Invoice: 43773-WATER TRAILER	1,450.00	
		1020SC	BEKA HOLDINGS LLC		1,450.00
	Total			5,653,530.79	5,653,530.79

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Sale of surplus property**

RECOMMENDATION:

Approve Resolution 2019-01 authorizing sale of surplus equipment no longer needed or useful for ongoing and anticipated Lower Putah Creek restoration activities.

FINANCIAL IMPACT: Estimated revenue: unknown

BACKGROUND:

Government Code Section 37350 authorizes local governments to dispose of real and personal property when it is in the common good. The law does not state how the disposal of surplus property is to take place, leaving it to the local jurisdiction to make that determination. Among the methods most commonly used by local governments in California include sales at auctions by public or sealed bids, conducted either by the local government or under contract with a private auction firm, trade-ins, or sale as scrap metal. Increasingly, the use of private on-line sale agencies or sales on eBay is becoming a common practice. The Water Agency does not have any specific policies regarding the sale or disposal of surplus equipment and therefore all such sales or disposal of surplus property are conducted in accordance with Government Code Section 3750.

The Water Agency owns a number of items that were purchased through the federal government surplus sales program for various stream restoration projects along Lower Putah Creek and tributary streams. Staff has determined that the items listed in Table 1 (see page 2) are no longer needed or useful for ongoing and anticipated Lower Putah Creek restoration activities, or any other activities of the Water Agency, and is recommending they be sold or scraped, with the proceeds set aside for future equipment purchases. Pursuant to Government Code Section 37350, the Board must authorize the sale or disposal of surplus equipment by resolution (see attached).

Recommended: _____
Roland Sanford, General Manager

	Approved as recommended		Other (see below)	X	Continued on next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

TABLE 1

Item	Description	Quantity
#1	Model 200D14-5K SDI Sprayer (serial # 16723)	1
#2	Zodiac raft	2
#3	Container AG Concentrate Fertilizer Tera GrainX AG 1000	1
#4	Style 501 Akron Brass Fire Truck Water Cannon (serial # 6758)	1
#5	Model 73AXH Timber Axe Attachment (serial # 01-317)	1
#6	Red Berkeley Pump	1
#7	Univex SRM20 Food Mixer (Stock # NSN7320013864919)	1
#8	Hydra Craft Fire Truck tank	1
#9	Model 644-SPG Power Vac Sweeper & Blower (serial # N10048)	1
#10	Model F400 Reynolds Lowther Tree Planter (serial # 18394)	1
#11	Rainhart lab sifter	1
#12	Model Series 30-000-50 Brush Hog Disc (serial # N10048)	1
#13	Model TM7-30A Reinco Straw Blower (serial # 2890)	1
#14	Steel grated panels (debris screens); 20.17 ft x 10.17ft	7
#15	Steel grated panel (debris screen); 20.17 ft x 2.58 ft	1

RESOLUTION NUMBER 2019-01

Resolution of the Solano County Water Agency
Authorizing Sale of Surplus Property

WHEREAS, State law, under Government Code Section 37350, authorizes local governments to dispose of real and personal property when it is in the common good, and

WHEREAS, The Water Agency owns certain equipment that was purchased for various stream restoration projects along Lower Putah Creek and tributary streams, and

WHEREAS, The Water Agency has determined that the items listed in Exhibit 1, hereto attached, are no longer needed or useful for ongoing and anticipated Lower Putah Creek restoration activities, or any other activities of the Water Agency.

NOW THEREFORE BE IT RESOLVED that the General Manager is authorized to sell the items listed in Exhibit 1, attached hereto, in conformance with Government Code Section 37350 of State law.

Approved and adopted the 14th day of February, 2019. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the SOLANO COUNTY WATER AGENCY:

Ayes:

Noes:

Abstain:

Absent:

_____
Skip Thomson, Chairman

ATTEST:

_____
Roland Sanford,
General Manager and Secretary to
Solano County Water Agency

Exhibit 1 of Resolution 2019-01

Surplus items proposed for sale pursuant to Resolution 2019-01

Item	Description	Quantity
#1	Model 200D14-5K SDI Sprayer (serial # 16723)	1
#2	Zodiac raft	2
#3	Container AG Concentrate Fertilizer Tera GrainX AG 1000	1
#4	Style 501 Akron Brass Fire Truck Water Cannon (serial # 6758)	1
#5	Model 73AXH Timber Axe Attachment (serial # 01-317)	1
#6	Red Berkeley Pump	1
#7	Univex SRM20 Food Mixer (Stock # NSN7320013864919)	1
#8	Hydra Craft Fire Truck tank	1
#9	Model 644-SPG Power Vac Sweeper & Blower (serial # N10048)	1
#10	Model F400 Reynolds Lowther Tree Planter (serial # 18394)	1
#11	Rainhart lab sifter	1
#12	Model Series 30-000-50 Brush Hog Disc (serial # N10048)	1
#13	Model TM7-30A Reinco Straw Blower (serial # 2890)	1
#14	Steel grated panels (debris screens); 2017 ft x 10.17 ft	7
#15	Steel grated panel (debris screen); 20.17 ft x 2.58 ft	1

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Participation in Federal Surplus Personal Property Program**

RECOMMENDATION:

Approve Resolution 2019-02 authorizing participation in the Federal Surplus Personal Property Program and designation of individuals authorized to acquire federal surplus property.

FINANCIAL IMPACT:

None.

BACKGROUND:

The Board has previously authorized the Water Agency to participate in the Federal Surplus Personal Property Program. However, that authorization has expired.

The Lower Putah Creek Coordinating Committee is searching for stream restoration equipment that may be available through this program. Additionally, equipment necessary for maintaining the Ulatis and Green Valley Flood Control Projects could also be obtained through this program.

Staff recommends renewal of participation in the Federal Surplus Personal Property Program and the designation of the General Manager, the Streamkeeper, and the Principal Water Resources Engineer for purchasing surplus property. Any purchases will be within SCWA approved budgets and will follow the same SCWA procedures for purchasing from other sources. Additional information about the Federal Surplus Personal Property Program can be found at: http://www.dgs.ca.gov/ofam/Programs/StSurplus/CFSPP.aspx.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended	☐ Other (see below)	☐ Continued on next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
OFFICE OF FLEET AND ASSET MANAGEMENT
ELIGIBILITY APPLICATION (RENEWAL)
SASP 201-A (Rev 11/14)

Resolution Number 2019-02

Resolution of the Solano County Water Agency
Participation in Federal Surplus Personal Property

ELIGIBILITY RENEWAL APPLICATION STATE & FEDERAL SURPLUS PROPERTY PROGRAM

A. Name of the Organization Solano County Water Agency Telephone (707) 455-1100
Address 810 Vaca Valley Parkway, Ste 203 City Vacaville Zip 95688
Fax Number (707) 451-6099 E-mail Address rmarovich@scwa2.com

Organization is a:

PUBLIC GOVERNMENTAL AGENCY
- X A. Conservation
- ___ B. Economic Development
- ___ C. Education - ADA
- ___ D. Parks & Recreation
- ___ E. Public Health
- ___ F. Public Safety
- X G. Other, Explain Water Agency

PRIVATE AGENCY/ORGANIZATION
- ___ A. Homeless Program
- ___ B. Private Education - ADA
- ___ C. Private Health
- ___ D. Older Americans Act for Sr. Citizens
- ___ E. Other, Explain

Number of Service Sites ___
Total Number of Clients Served Each Day ___

RESOLUTION

B. "BE IT RESOLVED by the Governing Board, and hereby ordered that the offical(s) and/or employee(s) whose name(s), title(s), and signature(s) are listed below shall be and is (are) hereby authorized as our representative(s) to acquire surplus property through the auspices of the California State Agency for Surplus Property and accept responsibility for payment of incidental fees by the surplus property agency under the Terms and Conditions accompanying this form or listed on the reverse side of this form."

NAME (Print or type)	TITLE	SIGNATURE*	E-MAIL ADDRESS
Roland Sanford	General Manager		rsanford@scwa2.com
Thomas Pate	Principal Water Resources Engineer		tpate@scwa2.com
Richard Marovich	Streamkeeper		rmarovich@scwa2.com

***Note: All signatures must be in original form. No copied or stamped signatures.**

The above resolution was PASSED AND ADOPTED this 14 day of February 20 19 by the Governing Board of the:

Solano County Water Agency by the following vote: AYES: ___ NOES: ___ ABSENT: ___

I, Roland Sanford Clerk of the Governing Board known as Solano County Water Agency

Do hereby certify that the foregoing is a full, true, and correct resolution adopted by the governing board of the above named organization at the meeting thereof held at its regular place of meeting on the date and by the vote above stated, a copy of said resolution is on file in the principal office of the Governing Board.

Signed by: ___

NOTE: ALL LOCAL GOVERNMENT & NON-PROFIT INCORPORATED ORGANIZATIONS HAVE A GOVERNING BOARD, THEREFORE COMPLETE ONLY SECTIONS "A" & "B". THE FOLLOWING SECTION "C" IS FOR STATE AGENCIES ONLY.

C. AUTHORIZED BY: ___
Printed Name and Title of Chief Administrative Officer

___ ___
Signature of Chief Administrative Officer Date

STATE OF CALIFORNIA AGENCIES ARE REQUIRED TO PROVIDE THEIR STATE BILLING CODE# ___

FOR STATE SURPLUS AGENCY USE ONLY

Renewal Application Approved ___ Renewal Application Disapproved ___

Date: ___ Signed: ___

Action Item No. 2019-
Agenda Item No. 5E

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Authorize Purchase of YSI Water Quality Monitoring Equipment**

RECOMMENDATION:

Authorize General Manager to purchase YSI water quality monitoring equipment for Solano Project operations (total cost not to exceed $23,100).

FINANCIAL IMPACT:

Funding is programmed and available in the FY 2018-2019 Solano Project budget for this expense.

BACKGROUND:

The Water Agency maintains several water quality monitoring stations in Lake Solano and along the Putah South Canal for the benefit of the Solano Project water users. The data provided by these monitoring stations is used by the Solano Project water users to optimize and adjust their water treatment and associated water operations as the quality of the Solano Project water supply changes, most notably in response to major storm events or during canal cleaning operations. Staff is proposing to install new YSI pH, turbidity, water conductivity/temperature sensors (see attached Purchase Order Requisition Form) at two locations along the Putah South Canal; the Eldredge Pumping Plant, and NBR WQ Station. The equipment will be installed and maintained by Water Agency staff and are commonly used throughout the Bay-Delta by the Department of Water Resources and the United States Geological Survey.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN

The purchase of water quality equipment is consistent with Goal #2 of the 2016-2025 Strategic Plan, optimizing the use of SCWA managed infrastructure.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended ☐ Other (see below) ☐ Continued on next page

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Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

xylem
Let's Solve Water

Quote Number:	B162644
Quote Date:	1/24/2019
Quote Expiration Date:	3/1/2019

Quotation Prepared For:

Justin Pascual
Solano County Water Agency
810 Vaca Valley Pkwy
Vacaville, CA 95688
(707) 451-6090
jpascual@scwa2.com

Submitted By:

Diego Davis
858-790-1814
ddavis@ysi.com

Proposal Summary

#	Product	Description	List Price	Discount %	Net Price	Qty	Ext. Price
1	599503-00	EXO3 Sonde, No Depth, 5 Sensor Ports, Central Wiper Compatible - No depth sensor installed - No AUX Port / Compact Battery Compartment - Contains: Sonde, 2 D Batteries, Calibration Cup, Tool Kit, 3 port plugs, USB drive loaded with User Manual and KOR Software	$4,999.00	5.0 %	$4,749.05	2	$9,498.10
2	599827	EXO Wiped Conductivity/Temperature Sensor - Purpose-built for combating sensor fouling in long-term monitoring applications - Designed and engineered for compatibility with EXO2 Sonde's Central Wiper - Additional Central Wiper Brush and Spacing Kit included	$1,700.00	5.0 %	$1,615.00	2	$3,230.00
3	599702	EXO ISE02 pH Sensor Assembly, Unguarded, Ti - Patented user replaceable sensor head - Incorporates wet-mate connector and welded titanium housing	$570.00	5.0 %	$541.50	2	$1,083.00
4	599101-01	EXO Turbidity Sensor, Ti - Compatible with any EXO sonde - Wide range Sensor reads from 0-4000 FNU - Incorporates wet-mate connector and welded titanium housing	$1,845.00	5.0 %	$1,752.75	2	$3,505.50
5	599090-01	EXO Central Wiper, EXO2, Ti - Installs in center wiper port on EXO2 sonde only - Includes two wiper brushes and installation tool - Used in unattended monitoring deployments to reduce bio-fouling	$1,225.00	5.0 %	$1,163.75	2	$2,327.50
6	599008-15	EXO 15-m Flying Lead Cable	$565.00	5.0 %	$536.75	2	$1,073.50

Quote Number B162644

#	Product	Description	List Price	Discount %	Net Price	Qty	Ext. Price
		- Connects EXO sonde to DCP Signal Output Adapter					
7	599020-02	EXO2 Wheeled Hard-Sided Carrying Case, Black	$415.00	5.0 %	$394.25	1	$394.25

Subtotal: $21,111.85

Total Line Item Discounts	$1,111.15
Total Net Price	$21,111.85
Subtotal	$21,111.85
Sales Tax, 8.125%	$1,715.34
Freight, prepay and add	$100.00
Grand Total	$22,927.19
Terms	Net 30
FOB	Origin

This pricing is Proprietary and Confidential information. Neither this document nor its contents may be revealed or disclosed to unauthorized persons or sent outside the institution without prior permission from Xylem Inc. This order is subject to the Standard Terms and Conditions of Sale - Xylem Americas effective on the date the order is accepted which terms are available at https://www.xylem.com/en-US/support/xylem-americas-standard-terms-and-conditions/ and incorporated herein by reference and made a part of the agreement between parties.

Quote Number B162644

Ordering Instructions:

Credit Card Reference This Quote Number	Call: (937) 767-7241 (Option 3)
Purchase Order Include a Copy of Quote with PO	Email: orders@ysi.com Fax: (937) 767-1058 Mail: YSI Incorporated Attn: Order Entry 1725 Brannum Lane Yellow Springs, OH 45387

- All purchase orders should be accompanied with a copy of this quote or clearly reference the quotation number.
- All purchase orders should have a complete billing and complete shipping address on the purchase order.
- For order acknowledgement please provide email address to send updates on order. Email Address:_____
- Taxes and Tariffs are additional and are not included in the above pricing unless explicitly stated as a line item.
- Shipping charges are additional and are not included in the above pricing unless explicitly stated as a line item.
- Tax Exempt customers must include their Tax ID on their Purchase Order. Proof of Tax Exempt status may be required.

Business Information:

YSI Incorporated
Tax Identification #: 31-0526418
DUNS #: 004246716

Remit to Address for Orders:

Checks (Drawn on US Banks Only)
YSI Incorporated
PO Box 640373
Cincinnati OH 45264-0373

ACH (With ADDENDA Record)
US Bank NA
Cincinnati, OH 45202
Acct# 8506321; ABA# 042000013

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Participation in State Water Project Municipal Water Quality Investigations Program**

RECOMMENDATION:

Authorize General Manager to execute 3-year agreements with the California Department of Water Resources and State Water Contractors for participation in State Water Project Municipal Water Quality Investigations Program.

FINANCIAL IMPACT:

Total cost not to exceed $159,000 over 3-year contract duration ($53,000 per calendar year). Sufficient funding for the first year is included FY 2018-2019 State Water Project budget. If contract is approved sufficient funding will be included in the Water Agency's subsequent fiscal year budgets.

BACKGROUND:

The purpose of the Municipal Water Quality Investigations (MWQI) Program is to monitor and evaluate contaminant sources that impact the State Water Project's municipal drinking water supplies. The MWQI program has been in place a number of years and is collectively funded by most but not all of the State Water Project municipal water supply contractors, including the Solano County Water Agency. The MWQI program includes several projects of local importance; the Cache Slough Complex Baseline Water Quality Monitoring project, real-time water quality monitoring of the Sacramento River at Hood, and preparation of State Water Project Watershed Sanitary Survey. Participation in the MWQI Program allows the Water Agency and other NWQI Program participants to share administrative and technical costs and ultimately save money and avoid duplication of effort.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN

Participation in the State Water Project Municipal Water Quality Investigations Program is consistent with Goal #4 of the 2016-2025 Strategic Plan, protecting access to reliable water supplies.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended	☐ Other (see below)	☐ Continued on next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

File: N-22

STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES
MUNICIPAL WATER QUALITY INVESTIGATIONS
AGREEMENT

BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES,
STATE WATER CONTRACTORS AND
PARTICIPATING URBAN STATE WATER PROJECT CONTRACTORS
SWPAO NO. 19-300

THIS AGREEMENT is made this ___ day of _____, 2019, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through the Department of Water Resources (DWR), the State Water Contractors (SWC) and participating urban State Water Project (SWP) contractors located in the State of California (urban SWP Contractors).

RECITALS

WHEREAS, DWR and the urban SWP Contractors have entered into and subsequently amended long-term water supply contracts, herein referred to as the Water Supply Contracts, providing that DWR will supply certain quantities of water to the urban SWP Contractors and providing that the urban SWP Contractors shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payment;

WHEREAS, DWR conducts various studies and activities to protect and improve the quality of SWP drinking water supplies;

WHEREAS, DWR's Municipal Water Quality Investigations (MWQI) Program endeavors to monitor, evaluate, report-on, and forecast water quality conditions, and identify and evaluate the sources of contaminants that affect the municipal drinking water supplies of the urban SWP Contractors;

WHEREAS, DWR must have a source of funding to repay the costs of the MWQI Program;

WHEREAS, the urban SWP Contractors believe the MWQI Program is necessary to provide this important water quality information in a timely way to insure the best available source water is conveyed by the SWP, to efficiently operate their drinking water treatment facilities and to plan for and design cost effective drinking water treatment facilities to meet future drinking water quality standards;

WHEREAS, DWR and the urban SWP Contractors are endeavoring to increase the value that DWR provides to the contractors;

WHEREAS, this Agreement will allow the SWC to provide supplemental water-quality related services to the MWQI Program;

WHEREAS, the SWC have formed an MWQI Specific Project Committee (SPC) made up of many SWC members that are urban SWP Contractors and are participants in the MWQI Program;

WHEREAS, the MWQI SPC will perform supplemental water quality-related services to the MWQI Program with the intent to offer sufficient flexibility to complete required activities;

WHEREAS, urban SWP Contractors are willing to enter into this Agreement to pay their share of the MWQI Program costs and accordingly the urban SWP Contractors will be included in decisions related to the budget, scope, schedule, and activities of the MWQI Program;

WHEREAS, Santa Barbara County Flood Control and Water Conservation District (District) is an urban SWP Contractor and has authorized the Central Coast Water Authority (CCWA) to represent the District in the DWR MWQI Program and to enter into this Agreement on behalf of the District for the 2020-2022 term (See Letter of Authorization attached as **Exhibit A** to this Agreement.) DWR will invoice the District in their Statement of Charges.

AGREEMENT

NOW THEREFORE, it is mutually agreed that the following terms, conditions, and procedures hereby apply to the implementation and funding of the MWQI Program:

1. Definitions. When used in this Agreement, the following definitions shall apply:

(a) **"Bond Act"** means the California Water Resources Development Bond Act, comprising Chapter 8, commencing at Section 12930, of Part 6 of Division 6 of the Water Code, as enacted in Chapter 1762 of the Statutes of 1959.

(b) **"Calendar Year"** means the calendar year beginning January 1 through December 31.

(c) **"Field Support Section" or "FSS"** means a Section of staff within the MWQI Program which routinely conducts water quality monitoring (both real-time and discrete) at sites in the Delta for municipal and industrial uses, and provides water quality data and knowledge-based data support to the Real-Time Data and Forecasting Comprehensive Program (RTDF-CP), and other programs within DWR.

(d) **"Municipal Water Quality Investigations Program" or "MWQI Program"** means a program to determine and evaluate the sources of contaminants in the SWP system and evaluate their impacts on municipal drinking water supplies to urban SWP Contractors. This includes work conducted by DWR staff in the following programs: the RTDF-CP, FSS, and the program partners in the Division of Operations & Maintenance (O&M) Regulatory Compliance & Reporting Branch and the Environmental Assessment Branch, and the Bay Delta Office (BDO) Delta Modeling Section. The MWQI Program includes work done under the direction of DWR management with guidance and support from the SWC and urban SWP Contractors.

(e) **"Municipal Water Quality Program (MWQP)"** means a branch within the

DWR Division of Environmental Services that manages the MWQI Program with oversight on administrative functions and work conducted by the MWQI Program.

(f) **"MWQI Modeling and Forecasting Program Partners"** means DWR staff in the O&M Environmental Assessment Branch which routinely conducts water quality monitoring (both real time and discrete) at SWP facilities in the San Luis Field Division, including the Gianelli Monitoring Station and DWR staff in the O&M Operations Control Office Regulatory Compliance and Reporting Branch and the BDO Delta Modeling Section, who provide modeling and forecasting support through MWQI Program resource agreements.

(g) **"MWQI SPC Account"** means an account established by the SWC to fund consultant work and supplemental water quality services not funded through the Statements of Charges.

(h) **"MWQI SPC Charge"** means the charge to be collected by the SWC each fiscal year through invoices from the SWC to those Participating Contractors that have agreed in their MWQI Specific Project Agreement to pay a portion of the total MWQI Program costs into the MWQI SPC Account for MWQI Program work that is performed by the MWQI SPC during the Fiscal Year.

(i) **"MWQI Specific Project Agreement"** An agreement entered into by urban SWP Contractors as members of the MWQI Committee of the SWC to permit the MWQI SPC to perform supplemental water quality related services as identified in Appendix 1 of the MWQI Work Plan in addition to the work performed by DWR.

(j) **"MWQI Specific Project Committee (SPC)"** consists of urban SWP Contractors as members of the MWQI Committee of the SWC that have signed the MWQI Specific Project Agreement.

(k) **"MWQI Statements of Charges (SOC) Charge"** means the charge, based on projected costs, to be collected each calendar year by DWR through the SOC for MWQI Program work that is performed by DWR during the Calendar Year.

(l) **"MWQI Work Plan"** means a plan for work to be performed by DWR and the MWQI SPC during a given Calendar Year.

(m) **"Participating Contractor"** means an urban SWP Contractor that has executed this Agreement.

(n) **"Project Management Plans (PMP)"** means a plan developed using the DWR accepted Project Management Body of Knowledge (PMBOK) standard for managing individual projects. PMP include documentation

describing how the project will be designed, initiated, planned, executed, monitored, and closed. PMP will also include a site safety plan and a quality assurance project plan (QAPP).

(o) **"Real-Time Data and Forecasting Comprehensive Program (RTDF-CP)"** is a program within the MWQI Program that conducts modeling studies; produces water quality forecasts; and incorporates the FSS's and O&M's SWP drinking water quality monitoring data to create and disseminate daily, weekly, and web based reports on the sources and concentrations of contaminants in the Delta and SWP system. The RTDF-CP also provides historical and seasonal trends, MWQI Program web site updates, and conducts data management activities pertaining to database infrastructure enhancement and development to improve long-term storage and retrieval of RTDF-CP data.

(p) **"Real-Time Data and Forecasting Steering Committee (RTDF Steering Committee)"** consists of representatives from the MWQP branch, the DWR program partners, the SWC, and urban SWP Contractors.

(q) **"Real-Time Data and Forecasting (RTDF) Section"** means a Section of staff within the MWQP branch that routinely supports and sustains the RTDF-CP program.

(r) **"Resource Agreements"** means a written program-partnering agreement to manage the workloads, staff resources, deliverables, and budgets across DWR Divisions in respective programs. MWQP has individual 3-year resource agreements (RA) with the: O&M Regulatory Compliance & Reporting Branch, the O&M Environmental Assessment Branch, and the BDO Delta Modeling Section.

(s) **"Statements of Charges (SOC)"** means the annual charges distributed to each Water Supply Contractor on July 1 of each year, as defined in Article 29 of the Water Supply Contract.

(t) "**SWP**" means the State Water Project, which includes the Delta for purposes of the MWQI Program work plan projects.

(u) **"SWP Project Interest Rate"** means the weighted average of the interest rates paid by the State on bonds issued under the Bond Act without regard to any premiums received on the sale thereof. Until bonds are issued and sold under the Bond Act, the project interest rate shall be four percent (4%) per annum, and after said bonds have been issued said rate shall be computed as a decimal fraction to five places.

(v) "**Water Supply Contract**" means a long-term contract between the State of California and each urban SWP Contractor for a water supply from the SWP of the type contained in DWR's Bulletin 141 dated November 1965.

(w) **"Water Supply Contractor"** means a public agency that has a current Water Supply Contract.

2. **Work Plan Development.**

(a) DWR shall develop a proposed annual MWQI Work Plan, budget, and workload assessment by September 15 for the upcoming Calendar Year for presentation to, and to receive recommendations from, the RTDF Steering Committee and for the concurrence of the MWQI SPC for work performed under their MWQI SPC Account.

DWR will hold monthly meetings/conference calls with the MWQI RTDF Steering Committee and provide a report on the status and progress of the MWQI Work Plan projects with monthly updates on expenditures. The final MWQI Work Plan shall be developed by December 15 of each year for the upcoming Calendar Year.

(b) In developing the MWQI Work Plan each year, all comments and suggestions from the Participating Contractors will be processed through the MWQI SPC. The MWQI SPC will submit a unified set of comments to DWR.

(c) The MWQI Work Plan shall, at a minimum, include:

(1) A description of the water quality assessment work to be accomplished, including planned field and laboratory work, with monitoring projects broken down into routine or short-term;

(2) A description of the RTDF-CP work including the real-time monitoring program, production and dissemination of daily, weekly, and website RTDF-CP reports on hydrologic and water quality conditions, and information and data management activities;

(3) A description of the water quality modeling and forecasting work including production and dissemination, of Delta fingerprint modeling, short-term forecasts and seasonal forecasts;

(4) A description of other MWQI Program funded activities;

(5) Specifications for deliverables related to individual MWQI Program components; and

(6) Budget for each MWQI Program component, along with a total budget and workload assessment.

3. **MWQI Real-Time Data Forecasting Steering Committee (RTDF Steering Committee).** The MWQI RTDF Steering Committee shall meet as needed to

review, refine, and recommend changes to the MWQI Work Plan.

4. **MWQI Work Plan Implementation.**

   (a) MWQI Program work shall be implemented upon final approval of the MWQI Work Plan by DWR and the MWQI SPC, and will be conducted in accordance with the MWQI Work Plan.

   (b) Adjustments to the MWQI Program may be made as needed by DWR in response to conditions or opportunities that may arise at any time in a Calendar Year. These changes will be submitted to the RTDF Steering Committee for concurrence, and as needed to the MWQI SPC at their next scheduled meeting.

5. **Program Deliverables.** At a minimum, DWR will provide the RTDF Steering Committee the Program Deliverables listed below, subject to modification by decision of DWR, and with the concurrence of the RTDF Steering Committee and the MWQI SPC:

   (a) Monthly status reports and an assessment of recent MWQI Program expenditures in relation to the program budget at the last week of the month or at the next scheduled RTDF Steering Committee meeting.

   (b) All MWQI Program FSS data collected will be made available through the Water Data Library or the California Data Exchange Center. All MWQI Program final RTDF-CP reports will be posted on the MWQI website.

   (c) MWQI RTDF-CP monitoring and forecasting reports shall be completed in a timely manner given staffing and financial constraints.

6. **MWQI SOC Charge.**

   (a) DWR shall recover its costs for the MWQI Program through the MWQI SOC Charge. The MWQI SOC Charge shall recover costs incurred by DWR for the MWQI Program consistent with the annual MWQI Work Plan during the term of this Agreement. Each Participating Contractor's share of the annual MWQI SOC Charge for the term of the Agreement will be calculated each year based upon the annual MWQI SOC Charge multiplied by their proportionate share of the M&I Table A amount, except that of Kern County Water Agency. Kern County Water Agency shall be limited to 79,000 acre-feet and the remainder of the Participating Contractors' share shall increase proportionately, as shown in Table 1 and Table 2.

   (b) To facilitate billing on a calendar year basis, each Participating Contractor's share of the MWQI SOC Charge will be computed and included in the Participating Contractor's annual SOC under the

Transportation Minimum OMP&R component, and, except as otherwise expressly provided in this Agreement, shall be collected under the same terms and conditions as charges are collected under that Water Supply Contract. The MWQI SOC Charge shall initially be based on projections of costs determined pursuant to development of the annual MWQI Work Plan. The MWQI SOC Charge shall then be subject to re-determination each year by DWR so that the charges may accurately reflect the increases or decreases in costs as compared to the projections of costs and all other factors that are determinative of such charges. Adjustments to the annual charges resulting from a re-determination shall be reflected in each Participating Contractor's share of the MWQI SOC Charge in the following calendar year with interest at the current SWP Project Interest Rate.

(c) The MWQI SOC Charge plus the MWQI SPC Charge will not exceed $3,100,000 for any Calendar Year.

7. **Performance.** Implementation of the MWQI Program will require staff involvement of various organizational units within DWR. DWR will take steps to ensure sufficient staffing and coordination occurs consistent with the adopted MWQI Work Plan. From time to time due to other assigned duties, individual staff assigned to the MWQI Program may devote less than 100 percent of their effort to identified tasks in the MWQI Work Plan. DWR will not bill Participating Contractors for staff efforts not included in the MWQI Work Plan.

8. **MWQI SPC Account.** Work to be completed by the MWQI SPC shall be identified in Appendix 1 of the MWQI Work Plan. Appendix 1 shall be developed by DWR and the MWQI RTDF Steering Committee and submitted to the MWQI SPC for approval prior to any work being performed. Appendix 1 shall, at a minimum, include: a description of all professional services to be rendered; all equipment, supplies or services to be purchased; a description of the work to be accomplished, broken down into individual MWQI Work Plan components; descriptions of planned field and laboratory work; specifications for deliverables related to individual work elements; and, budgets for each work element, along with a total budget. The MWQI SPC Account costs for supplemental water quality related services will be collected through the MWQI SPC Charge. Payments from Contra Costa Water District (CCWD) for its participation in the MWQI Program activities may be used to offset the MWQI SPC Charge as necessary. The MWQI SPC Charge shall not exceed $700,000 annually. The MWQI SPC will obtain the necessary goods and services using funds from the MWQI SPC Account to accomplish its share of the MWQI Work Plan.

9. **MWQI SPC Charge.** Each year as necessary, the SWC shall invoice Participating Contractors to collect funds for the MWQI SPC Account. Each Participating Contractor's share of the annual MWQI SPC Charge for the term of the Agreement will be calculated each year based on the annual MWQI SPC Charge multiplied by their proportionate share of the M&I Table A amount except

that of Kern County Water Agency. Kern County Water Agency shall be limited to 79,000 acre-feet and the remainder of the Participating Contractors' share shall increase proportionately, as shown in Table 2. The MWQI SPC Account shall be used to implement the MWQI SPC activities identified in the annual MWQI Work Plan. The MWQI SPC Charge shall initially be based on projections of costs determined pursuant to development of the MWQI Work Plan. The MWQI SPC Charge shall then be subject to re-determination each year by the MWQI SPC so that the charges may accurately reflect the increases or decreases in costs as compared to the projections of costs and all other factors that are determinative of such charges. Adjustments to the annual charges resulting from a re-determination shall be reflected in each Participating Contractor's share of the MWQI SPC Charge in the following calendar year with interest at the current SWP Project Interest Rate.

10. **Disposition of Property and Equipment.** Any property or equipment obtained by the SWC through the MWQI SPC Account, at the discretion of the MWQI SPC, may be given to DWR "as is." DWR, at its sole discretion, may choose to accept such property or equipment. Upon acceptance, such property or equipment shall become the property of the State of California, and neither the SWC nor any Water Supply Contractor shall have any further responsibility or liability for such property or equipment. The SWC do not and shall not provide any express or implied warranties for any property or equipment given to and accepted by DWR. However, to the extent permitted, the SWC will transfer to DWR any warranties provided by the manufacturer or other third parties for such property or equipment.

11. **Services Provided by the MWQI SPC on State Property.** With the approval of DWR for specific activities, the SWC on the recommendation or approval of the MWQI SPC may provide for services to be completed on State property as part of the MWQI Work Plan in Appendix 1. The SWC shall hold the State harmless for any litigation resulting from any claims that may arise from the participating vendor, contracted by the SWC, providing the services.

12. **Water Supply Contract**. Except as specified in this Agreement, the provisions of the Participating Contractor's Water Supply Contract shall be applicable to this Agreement.

13. **State Law**. This Agreement is made under and shall be construed in accordance with the laws of the State of California.

14. **MWQI Staff Out-of-State Travel.** If requested by the MWQI SPC, MWQI Program staff may be required to attend out of state scientific conferences to ensure that the MWQI Program provides the best available water quality information to the MWQI SPC and ensures that scientific studies are designed in the most innovative, cost-effective manner possible to meet future drinking water quality standards. Travel expenses will come out of DWR's MWQI Program Budget.

15. **Adjustment of Table 2 Proportionate Use Factors**. Table 2 Proportionate Use Factors are based upon the best information available of Participating Contractors that will be paying into the MWQI SPC Charge at the time this Agreement is executed. These Proportionate Use Factors may be adjusted if a Participating Contractor requests not to pay into the MWQI SPC Account and the request is approved by the MWQI SPC. The total of the Participating Contractors Table A Amount in Table 2 shall not be less than 2,300,000 acre-feet. Any Participating Contractor not paying into the MWQI SPC Account through the MWQI SPC Charge will still be subject to Paragraph 16, the Final Program Accounting.

16. **Final Program Accounting**.

(a) At the end of the Agreement, DWR and the SWC will work together to summarize all Participating Contractor's MWQI SOC Charges, MWQI SPC Charges and those MWQI SPC Account costs paid for by the payments from CCWD and all actual MWQI Program costs incurred during the term of this Agreement. This Final Program Accounting will determine if each Participating Contractor has paid its proportionate share of the total actual MWQI Program costs through its payments to both the MWQI SOC Charge and the MWQI SPC Charge during the term of the Agreement. Each Participating Contractor's proportionate share of the total MWQI Program costs will be in the same proportion as its M&I Table A Amount shown in Table 1 bears to the total of all Participating Contractor's M&I Table A Amounts shown in Table 1.

(b) If a new MWQI Agreement, similar to this MWQI Agreement, is implemented effective January 1, 2023, DWR will account for each Participating Contractor's Final Program Accounting over and under payment to the MWQI SOC Charge in the 2024 MWQI SOC Charge. If a new MWQI Agreement, similar to this MWQI Agreement is not implemented, DWR will invoice each Participating Contractor for its Final Program Accounting over or under payment in the 2024 SOC.

(c) If a new MWQI Agreement, similar to this MWQI Agreement is implemented effective January 1, 2023, the SWC will provide for each Participating Contractor's Final Program Accounting over and under payment to the MWQI SPC Charges for the Calendar Year 2023 - 2024 MWQI SPC Charge. If a new MWQI Agreement, similar to this MWQI Agreement is not implemented, the SWC will issue either a check or invoice to each Participating Contractor for its Final Program Accounting over or under payment by July 1, 2023.

(d) The MWQI SPC may vote to not conduct the Final Program Accounting at the end of the 2020-2022 MWQI Agreement if the M&I Table A amounts of the Contractors participating in both the SOC and SPC charges exceed

2,300,000 acre-feet. The MWQI SPC will provide DWR written notice of the vote by July 1, 2022.

17. **Term of Agreement**. This Agreement shall take effect on January 1, 2020, only if this MWQI Agreement is executed by the Participating Contractors that together have M&I Table A Amounts totaling at least 2,300,000 acre-feet. This Agreement shall terminate on December 31, 2022, except for payments or credits found through re-determination pursuant to Paragraph 16 of this Agreement. This Agreement may be terminated by any party with a twelve months written notice. Written notice of termination shall be delivered by certified mail with receipt for delivery returned to the sender. If any party provides notice of termination, the SWC and DWR will renegotiate the budget for the time remaining in the twelve-month period. DWR shall perform such work as is necessary for the orderly completion of work scheduled for the twelve-month period. The cost of such work shall not exceed the budget for that twelve-month period. If the Participating Contractors decide to continue to fund the MWQI Program starting January 1, 2023, the MWQI SPC will provide DWR with a Letter of Intent no later than February 1, 2022, of that intent. This will allow DWR time to prepare the preliminary estimates for the 2023 SOC.

18. **Agreement Execution**. This Agreement may be executed in counterpart, each will be deemed to be an original and all of which together will be deemed to be the same document. Each entity certifies that the person signing below on the respective entity's behalf has the authority to bind that entity to the covenants made in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

APPROVED AS TO LEGAL FORM
AND SUFFICIENCY

STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES

By: _____
Chief, Division of Environmental Services

Name: _____
Date: _____

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

By: _____
General Manager
Name: _____
Date: _____

SANTA CLARITA VALLEY WATER AGENCY

By: _____
General Manager
Name: _____
Date: _____

SANTA BARBARA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

By: _____
Executive Director
Central Coast Water Authority
Name: _____
Date: _____

CRESTLINE-LAKE ARROWHEAD WATER AGENCY

By: _____
General Manager
Name: _____
Date: _____

ALAMEDA COUNTY WATER DISTRICT

By: _____
General Manager
Name: _____
Date: _____

ANTELOPE VALLEY-EAST KERN WATER AGENCY

By: _____
General Manager
Name: _____
Date: _____

KERN COUNTY WATER AGENCY

By: _____
General Manager
Name: _____
Date: _____

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: _____
Group Manager, Water Resource Management
Name: _____
Date: _____

MOJAVE WATER AGENCY

By: _____
General Manager
Name: _____
Date: _____

NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

By: _____
District Engineer

Name: _____
Date: _____

PALMDALE WATER DISTRICT

By:
_____
General Manager
Name: _____
Date: _____

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By:
_____
General Manager
Name: _____
Date:
_____

SAN GORGONIO PASS WATER AGENCY

By:
_____
General Manager and Chief Engineer
Name: _____
Date: _____

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

By: _____
Public Works Director
Name: _____
Date:
_____

SANTA CLARA VALLEY WATER DISTRICT

By:
_____
Chief Executive Officer
Name: _____
Date: _____

SOLANO COUNTY WATER AGENCY

By:
_____
General Manager
Name: _____
Date: _____

STATE WATER CONTRACTORS

By:
_____
General Manager
Name: _____
Date: _____

STATEMENT OF CHARGES ALLOCATION FACTORS
TABLE 1

	M&I Table A	Proportionate Share
ALAMEDA CO FC&WCD - ZONE 7	80,619	0.02841469
ALAMEDA COUNTY WD	42,000	0.01480317
ANTELOPE VALLEY-EAST KERN WA	144,844	0.05105120
SANTA CLARITA VALLEY WATER AGENCY	95,200	0.03355385
SANTA BARBARA COUNTY FC &WCD	45,486	0.01603183
CRESTLINE-LAKE ARROWHEAD WA	5,800	0.00204425
KERN COUNTY WATER AGENCY	79,000	0.02784406
METROPOLITAN WD OF SC	1,911,500	0.67372050
MOJAVE WATER AGENCY	89,800	0.03165059
NAPA COUNTY FC&WCD	29,025	0.01023005
PALMDALE WD	21,300	0.00750732
SAN BERNARDINO VALLEY MWD	102,600	0.03616203
SAN GORGONIO PASS WA	17,300	0.00609750
SAN LUIS OBISPO CO. FC&WCD	25,000	0.00881141
SANTA CLARA VALLEY WD	100,000	0.03524564
SOLANO COUNTY WA	47,756	0.01683191
TOTAL	2,837,230	1.00000000

MWQI SPECIFIC PROJECT COMMITTEE CHARGE FACTORS
TABLE 2

	M&I Table A	Proportionate Share
ALAMEDA CO FC&WCD - ZONE 7	80,619	0.02866729
ALAMEDA COUNTY WD	42,000	0.01493477
ANTELOPE VALLEY-EAST KERN WA	144,844	0.05150503
SANTA CLARITA VALLEY WATER AGENCY	95,200	0.03385214
SANTA BARBARA COUNTY FC &WCD	45,486	0.01617435
CRESTLINE-LAKE ARROWHEAD WA	5,800	0.00206242
KERN COUNTY WATER AGENCY	79,000	0.02809159
METROPOLITAN WD OF SC	1,911,500	0.67970970
MOJAVE WATER AGENCY	89,800	0.03193195
NAPA COUNTY FC&WCD	29,025	0.01032099
PALMDALE WD	21,300	0.00757406
SAN BERNARDINO VALLEY MWD	102,600	0.03648350
SAN GORGONIO PASS WA	17,300	0.00615170
SANTA CLARA VALLEY WD	100,000	0.03555897
SOLANO COUNTY WA	47,756	0.01698154
TOTAL	2,812,230	1.00000000

EXHIBIT A

Santa Barbara County Public Works Department
Flood Control ♦ Water Agency ♦ Project Clean Water

December 14, 2018

Ms. Karen A. Joelson
Senior Staff Counsel
Department of Water Resources
State Water Project Analysis Office
1416 9th Street
Sacramento, CA 95814

Subject: **Central Coast Water Authority - Authorization to Participate in Department Water Resources' Municipal Water Quality Investigation Program**

Dear Ms. Joelson:

The purpose of this letter is to inform you that the Santa Barbara County Flood Control and Water Conservation District (District) has authorized the Central Coast Water Authority (CCWA) to represent the District in the Department of Water Resources' (DWR) Municipal Water Quality Investigations (MWQI) Program. Further, we authorize CCWA to enter into both the MWQI Agreement and the Special Projects (SPC) Agreement for the 2020 to 2022 term on behalf of the District. CCWA will be responsible for all costs related to participating in the MWQI Program, as stipulated in the MWQI and SPC Agreements for the 2020 to 2022 term.

If you have any questions, please email me at tfayram@cosbpw.net or call me at (805) 568-3436.

Sincerely,

Thomas D. Fayram
Deputy Public Works Director

Naomi Schwartz Building
Scott D. McGolpin
Public Works Director
130 E. Victoria Street, Suite 200, Santa Barbara, California 93101
PH: 805 568-3440 FAX: 805 568-3434 http://cosb.countyofsb.org/pwd/water/
Thomas D. Fayram
Deputy Public Works Director

STATE WATER CONTRACTORS

MWQI PROGRAM

SPECIFIC PROJECT AGREEMENT

Recitals

WHEREAS, the parties to this Municipal Water Quality Investigation (MWQI) Program Specific Project Agreement ("Specific Project Agreement") are members of the State Water Contractors ("SWC"); and

WHEREAS, State Water Project water quality issues are of considerable importance to the parties; and

WHEREAS, the parties to this Specific Project Agreement ("Specific Project Members" or "Parties") will execute an agreement ("MWQI Agreement") with the Department of Water Resources ("DWR") providing for the parties' participation in the MWQI Program for the period January 1, 2020 through December 31, 2022; and

WHEREAS, the MWQI Agreement will establish an MWQI Specific Project Committee ("SPC") Account, not to exceed $700,000 annually, whereby the MWQI SPC can use these funds to perform supplemental water quality related services for the MWQI Program to ensure that work is completed in a timely and cost-effective manner and to provide additional value to the MWQI Program;

WHEREAS, Santa Barbara County Flood Control and Water Conservation District (District) is an urban SWP Contractor and has authorized the Central Coast Water Authority (CCWA) to represent the District in the DWR MWQI Program and to enter into this Agreement on behalf of the District for the 2020-2022 term (See Letter of Authorization attached as **Exhibit A** to this Agreement.).

NOW, THEREFORE, it is agreed by and between the Parties as follows:

1. This Specific Project Agreement, upon execution, hereby supersedes and replaces in total all previous MWQI Program Specific Project Agreements.

2. This Specific Project Agreement shall become effective upon execution by Specific Project Members whose combined Maximum Table A amounts, as identified in Table 1 attached hereto, total 2.3 million acre-feet. This Specific Project Agreement shall terminate on December 31, 2022, except for payments or credits identified through re-determination pursuant to Paragraph 16 of the MWQI Agreement entered into between DWR, the SWC, and the Specific Project Members for the period January 1, 2020 through December 31, 2022.

3. The Specific Project Members hereby form the MWQI Specific Project Committee ("Committee") of the SWC. Each Specific Project Member shall appoint a representative to the Committee to exercise the Member's voting rights and may appoint an alternate to the Committee. In the representative's absence, the alternate shall function as the representative.

4. The Committee anticipates that DWR will request the SWC General Manager to perform certain water quality related services through the MWQI SPC Account.

5. On behalf of the SWC, the Committee shall each year review and approve the MWQI Work Plan items and budget prepared pursuant to the MWQI Agreement, and authorize the SWC General Manager to perform supplemental water quality related services as specified in the MWQI Agreement.

6. On behalf of the SWC, the Committee shall (a) select, pursuant to a competitive process, direct and receive work performed by consultants; (b) direct the SWC General Manager's administration of consultant contracts; and (c) undertake any ancillary work related thereto.

7. Individual Specific Project Member voting rights, as a percentage of all voting rights shall be allocated in the same percentages as costs are allocated in attached Table 1 – MWQI Specific Project Account. Committee actions shall only be effective if approved by a majority of the Specific Project Members and by a majority of the Members' voting rights.

8. A project could include a study requested by certain Specific Project Members who share an interest in investigating a specific water quality matter (a "Special Project"). If the Committee seeks approval of a Special Project outside of the annual MWQI SPC Account $700,000 limit allowed under the MWQI Agreement, the Committee shall direct the SWC General Manager to carry out such work only after the Committee establishes a scope of work, schedule, and budget and notifies each Specific Project Member in writing of its cost sharing proportion of the proposed Special Project. Any Specific Project Member may choose to "opt in" to participate in the Special Project by providing written notice within ten working days of notification. Each participating Specific Project Member's cost share of the proposed Special Project shall be allocated based upon its Table 1 value in proportion to all participating Specific Project Members' Table 1 values that "opt-in" to the proposed Special Project or as otherwise agreed to amongst the participating Specific Project Members. The General Manager shall, as soon as practicable, invoice only the participating Specific Project Members for the resulting costs incurred by the SWC.

9. The Committee recognizes that the Committee will incur administrative costs resulting from, but not limited to, participation in meetings, negotiations, analysis and general operational overhead administrative costs not to exceed $50,000 per year. Administrative costs shall be billed to the Specific Project Members or, in the case of Special Projects, to participating Specific Project Members,as appropriate, depending upon the direct or indirect nature of the charges.

10. Specific Project Members may from time to time provide direct services to the Committee through use of their facilities and staff. Prior to carrying out such work, the Specific Project Member shall provide an estimate of the value of such services to the Committee for their review and approval. Such services shall be administered by the SWC in the same manner as other consultant services, following the same procedures and limitations. The SWC shall compensate Specific Project Members for such services and recover the costs in accordance with Paragraphs 4 or 8 of this Specific Project Agreement as appropriate.

11. The Committee shall elect a Chairperson, Vice Chairperson, and such other officers, with titles and duties as determined by the Committee.

12. A Specific Project Member may terminate its participation in this Specific Project Agreement upon 30 days' notice to the SWC General Manager. Any terminating Member shall only be responsible for its share of any and all costs incurred or committed by the SWC prior to the notice.

13. This Specific Project Agreement shall not be considered to be a precedent.

14. The Specific Project Members agree to severally assume any liability of the SWC resulting from this Specific Project Agreement in proportion to their respective shares of costs. Each Specific Project Member agrees that all members of the SWC that are not participating in this Specific Project Agreement shall not incur any liability as a result of the SWC undertaking the work provided for by this Specific Project Agreement.

15. This Specific Project Agreement may be executed in counterparts.

16. The terms and conditions of the MWQI Agreement are incorporated by reference in this Specific Project Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Specific Project Agreement by authorized officials thereof on the dates indicated below.

STATE WATER CONTRACTORS

_____
By: General Manager
Name: _____
Date: _____

Alameda County FC&WCD, Zone 7

By: _____
Name: _____
Date: _____

Alameda County Water District

By: _____
Name: _____
Date: _____

Antelope Valley-East Kern Water Agency

By: _____
Name: _____
Date: _____

Santa Clarita Valley Water Agency

By: _____
Name: _____
Date: _____

Santa Barbara County Flood Control and Water Conservation District

By: _____
Name: _____
Date: _____

Crestline-Lake Arrowhead Water Agency

By: _____
Name: _____
Date: _____

Metropolitan Water District of Southern California

By: _____
Name: _____
Date: _____

Mojave Water Agency

By: _____
Name: _____
Date: _____

Napa County Flood Control and Water Conservation District

By: _____
Name: _____
Date: _____

Palmdale Water District

By: _____
Name: _____
Date: _____

San Bernardino Valley Municipal Water District

By: _____
Name: _____
Date: _____

San Gorgonio Pass Water Agency

By: _____
Name: _____
Date: _____

Santa Clara Valley Water District

By: _____
Name: _____
Date: _____

Solano County Water Agency

By: _____
Name: _____
Date: _____

Kern County Water Agency

By: _____
Name: _____
Date: _____

Table 1 - MWQI Specific Project Account

Participating SWP Contractor	Maximum Table A (acre-feet)*	Cost Allocation*
Alameda County Flood Control and Water Conservation District, Zone 7	80,619	0.02866729
Alameda County Water District	42,000	0.01493477
Antelope Valley-East Kern Water Agency	144,844	0.05150503
Santa Clarita Valley Water Agency	95,200	0.03385214
Santa Barbara County Flood Control & Water Conservation District	45,486	0.01617435
Crestline-Lake Arrowhead Water Agency	5,800	0.00206242
Kern County Water Agency	79,000	0.02809159
Metropolitan Water District of Southern California	1,911,500	0.67970970
Mojave Water Agency	89,800	0.03193195
Napa County Flood Control and Water Conservation District	29,025	0.01032099
Palmdale Water District	21,300	0.00757406
San Bernardino Valley Municipal Water District	102,600	0.03648350
San Gorgonio Pass Water Agency	17,300	0.00615170
Santa Clara Valley Water District	100,000	0.03555897
Solano County Water Agency	47,756	0.01698154
Total:	2,812,230	1.00000000

* Cost allocation is based on SWP contract Maximum Table A amounts (KCWA amount is based on Municipal and Industrial use for two member units).

EXHIBIT A

Santa Barbara County Public Works Department
Flood Control ♦ Water Agency ♦ Project Clean Water

December 14, 2018

Ms. Karen A. Joelson
Senior Staff Counsel
Department of Water Resources
State Water Project Analysis Office
1416 9th Street
Sacramento, CA 95814

Subject: **Central Coast Water Authority - Authorization to Participate in Department Water Resources' Municipal Water Quality Investigation Program**

Dear Ms. Joelson:

The purpose of this letter is to inform you that the Santa Barbara County Flood Control and Water Conservation District (District) has authorized the Central Coast Water Authority (CCWA) to represent the District in the Department of Water Resources' (DWR) Municipal Water Quality Investigations (MWQI) Program. Further, we authorize CCWA to enter into both the MWQI Agreement and the Special Projects (SPC) Agreement for the 2020 to 2022 term on behalf of the District. CCWA will be responsible for all costs related to participating in the MWQI Program, as stipulated in the MWQI and SPC Agreements for the 2020 to 2022 term.

If you have any questions, please email me at tfayram@cosbpw.net or call me at (805) 568-3436.

Sincerely,

Thomas D. Fayram
Deputy Public Works Director

Naomi Schwartz Building
Scott D. McGolpin
Public Works Director
130 E. Victoria Street, Suite 200, Santa Barbara, California 93101
PH: 805 568-3440 FAX: 805 568-3434 http://cosb.countyofsb.org/pwd/water/
Thomas D. Fayram
Deputy Public Works Director

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Purchase of Boom Mower and Spray Trailer for the Ulatis Flood Control Project**

RECOMMENDATION:

Authorize General Manager to purchase new Boom Mower and Spray Trailer for the Ulatis Flood Control Project.

FINANCIAL IMPACT:

Combined total cost not to exceed $110,000.

- Diamond Boom Mower estimated cost: $90,000.
- PBM 1,235 Gallon Spray Trailer estimated cost: $20,000.

Sufficient funding for these items are included in the Board adopted FY 2018-2019 Ulatis Capital Expenditures budget.

BACKGROUND:

The Water Agency is responsible for maintaining the Ulatis Flood Control Project (UFCP). The UFCP consists of over 50-miles of flood control channels in northeastern Solano County. The UFCP conveys flood water from the cities of Vacaville and Dixon, as well as unincorporated Solano County. During the irrigation season the UFCP is also utilized by the Solano Irrigation District and Maine Prairie Water District for water conveyance. The purpose of the Boom Mower and Spray Trailer is to more efficiently and effectively manage vegetation in the UFCP. Additional details are provided below.

Recommended: _____
Roland Sanford, General Manager

[ ]	Approved as recommended	[ ]	Other (see below)	[X]	Continued on next page

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Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

Diamond Boom Mower

The boom mower will be used primarily for mowing nuisance vegetation along UFCP banks, slopes, and fence lines. Tractor mounted boom mowers are in high demand by many State and local government agencies during the spring, and occasionally SCWA is unsuccessful in finding a mower that is available to rent in a timely manner. Boom mowers are expensive to rent (approximately $10,000/month) because they are typically mounted to a dedicated tractor; however, the Diamond boom mower does not require the purchase of a dedicated tractor. The mower can be quickly attached and detached to the John Deere 624K Wheel Loader that SCWA purchased in 2016. Purchase of this mower will allow SCWA to reliably control nuisance vegetation along UFCP before the vegetation desiccates and becomes a fire hazard. Based on past experience, staff anticipates the Diamond Boom Mower, which is expected to remain operational for at least ten years, will pay for itself in less than five years.

PBM 1,235 Gallon Spray Trailer

The spray trailer will be used primarily to control nuisance vegetation that is growing in the UFCP channels. Presently, Solano County Channel Maintenance (Channel Maintenance) controls nuisance vegetation growing along the UFCP channel banks and roads, and an independent contractor controls nuisance vegetation growing within the channels. Purchase of the spray trailer will improve uniformity and efficiency of nuisance vegetation control tasks by allowing a single contractor, Channel Maintenance, to control all nuisance vegetation growing within the UFCP.

All of the equipment purchased will be in compliance with the SCWA procurement policy. Local vendors will be utilized if the purchase price is within 5% of competitively bid State/Federal Contract lists, consistent with the Water Agency's procurement policy for local businesses. The Spray Trailer will be purchased through PBM as it is a custom piece of equipment designed specifically for SCWA. PBM has previously designed and built equipment for use on the UFCP.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN:

The purchase and use of this equipment is consistent with Goal # 2 of the 2016-2025 Strategic Plan (*Water Management infrastructure: Optimize the use of SCWA managed infrastructure).*

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Vehicle Purchases for SCWA Use**

RECOMMENDATION:

Authorize General Manager to purchase three vehicles; two to replace existing vehicles and one to expand SCWA vehicle fleet.

FINANCIAL IMPACT:

Combined total cost for all three (3) vehicles of $132,000. Sufficient funding for these purchases is included in the Agency's FY 2018-2019 Solano Project and Administration capital expenditures budget.

#	Vehicle Type	Purpose	Cost
1	Ram 1500 | V8 (Gas) | 4x4 Extended Cab	Replacement | Lake Berryessa Mussel Program	$ 32,000
2		Pool Vehicle | Field Staff	$ 32,000
3	Ford 350 | V8 (Gas) | 4x4 Extended Cab	Replacement | Putah Creek, Field Staff Support	$ 68,000

BACKGROUND:

It is the Water Agency's policy to replace vehicles that are either over 10 years old or have over 100,000 miles of use. Staff is proposing to replace two vehicles; a 2007 Ford F-250 and 2008 Ford F-350. The former vehicles are used for a combination of Water Agency responsibilities including the Lake Berryessa Mussel Prevention Program and restoration efforts along Putah Creek. The third vehicle will be used for general purposes (i.e. pool vehicle) to support field staff. All of the vehicles purchased will be in compliance with the SCWA procurement policy. Local dealerships will be utilized if the purchase price is within 5% of the California State Contract list, consistent with the Water Agency's procurement policy for local businesses.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN:

The purchase of these vehicles is consistent with Goal #10 of the 2016-2025 Strategic Plan, providing the necessary resources to continue to achieve SCWA's mission and values efficiently and effectively.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended ☐ Other (see below) ☐ Continued on next Page

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Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the

Quote: Ford F-350 with Winch

THIS IS YOUR QUOTE

DOWNTOWN FORD SALES
525 N16th Street, Sacramento, CA. 95811
916-442-6931 fax 916-491-3138

S121318 944
revised 12/17/18
REV 1/7/19+

QUOTATION

Customer

Name MARK SNYDER
Address SOLANO COUNTY WATER AGENCY
City State CA
Phone

Date 1/7/2019
REP SANDRA
Phone 916-442-6931
FOB SACRAMENTO

Qty	Description	Unit Price	TOTAL
1	2019 FORD F350 4X2 PICKUP BOX DELETE	$24,696.00	$24,696.00
	STATE OF CA CONTRACT 1-18-23-20A		
	CLIN 28		
1	ELECTRONIC LOCKING REAR AXLE 4.30	$389.00	$389.00
1	4X4	$2,910.00	$2,910.00
1	SUPER CAB	$2,200.00	$2,200.00
1	110V/400W OUTLET	$76.00	$76.00
1	ALL TERRAIN TIRES	$167.00	$167.00
1	BACKUP ALARM	$141.00	$141.00
1	FACTORY BLUETOOTH	$653.00	$653.00
1	CRUISE CONTROL	$238.00	$238.00
1	DAYTIME RUNNING LAMPS	$45.00	$45.00
1	HD ALTERNATOR	$97.00	$97.00
1	HD SERVICE SUSPENSION	$127.00	$127.00
1	POWER GROUP	$926.00	$926.00
1	REAR WINDOW DEFROSTER	$92.00	$92.00
1	RUNNING BOARDS	$375.00	$375.00
1	SKID PLATE	$169.00	$169.00
1	TRAILER BRAKE CONTROLLER	$274.00	$274.00
1	UPFITTER SWITCHES	$167.00	$167.00
1	HARBOR TRUCK BODY, SALES QUOTE SQ20183	$22,007.00	$22,007.00
	ABOVE QUOTE REVISED TO INCLUDE STROBES,		
	ROLL OUT TRAY, PORTABLE GENERATOR		
	100 GALLON TRANSFER TANK DIESEL / PUMP		
	SEE ATTACHED		
1	HITCH RECEIVER	$595.00	$595.00
2	EXTRA KEYS (TOTAL OF 4 KEYS PER TRUCK)	$299.00	$598.00
1	DOC FEE	$80.00	$80.00
	SALES TAX 8.375		

	Subtotal	$57,022.00
	DELIVERY	$300.00
Taxes	SOLANO	$4,775.59
	CA Tire Tax	$8.75
	TOTAL	$62,106.34

Payment Details

- ○ Cash
- ◉ Check
- ○ Credit Card

Name
CC #
Expires

Office Use Only

$500 DISCOUNT WITH PAYMENT IN 20 DAYS

Sales Quote

255 Voyager Ave
Brea, CA 92821
Phone: 714-996-0411
Fax: 714-996-0695

Sales Quote	SQ20183
Sales Quote Date:	12/12/2018
Inside Sales Rep.:	Kimberly Bellamy

Sell To: DOWNTOWN FORD SALES
SANDRA
DEALER #72C201
525 N. 16TH ST
SACRAMENTO, CA 95814

Ship To: SOLANO COUNTY WATER AGENCY

, CA

Tax Ident. Type	Legal Entity	Customer ID	FSD01
		Dealer Number	
Ship Via	HARBOR	SalesPerson	STEVE
Terms	2% 10 Days, Net 30	VIN	
Location	BREA		
Territory	REGION 2		

Harbor Truck Bodies is Not Held Responsible for any items not listed on this order/quote.

Pricing on quote is valid 30 days from sales quote date.

Item No.	Description	Exp. Notes	Unit	Qty.	Unit Price	Net Price
FORD-056-S-SRW	FORD 56" CA SUPER CAB SRW GAS	SOLANO COUNTY WATER AGENCY	EACH	1		
HT098-1541A	8-FT TRADEMASTER FOR 56CA SRW. VERTICAL SERIES-C/S & S/S W/STAINLESS STEEL POP TOP LIDS. BODY IS APPROX 98"L, 79"W, 49" FLOOR, 41"H, 15"D COMPARTMENTS.		EACH	1	5,571.36	5,571.36
S-MD-5PAK-15	5 Pack Roll-Out Drawers. (4) 3" Drawers, (1) 4" Drawer, 15" Deep, 40" High Compt. Mounted Street Side		EACH	1	1,605.60	1,605.60
MBL08	BED LINER FOR 8-FT BODY (COVERS BED AREA, BACK WRAPPERS, BULKHEAD, & TAILGATE)		EACH	1	702.00	702.00
RKTFL098-1541-R	8-FT TAPERED-LEG SIDE-LOADER OVER-CAB RACK W/ HOOKS, 44" FRONT LENGTH, SWING AWAY REAR BAR, AND REMOVABLE CROSSBARS		EACH	1	1,146.24	1,146.24
Z08-F/BRUL79-08-LED	MOUNT U-RECESS BUMPER W/ 8" STEP & LED LIGHTS		EACH	1	128.88	128.88
MBCK-UP-FD-872R	AFTERMARKET BACK UP CAMERA INSTALLED ON PICKUP BED REMOVAL WITH CAMERA FUNCTION ENABLED (MBCK-UP-FD-872R)		EACH	1	215.28	215.28
SEO_1	ECCO 3706X AMBER STROBES - (2) PLACED IN THE CORNER OF FRONT GRILL AND (2) ONE EA ON REAR END PANELS		EACH	1	1,020.24	1,020.24

Sales Quote

255 Voyager Ave
Brea, CA 92821
Phone: 714-996-0411
Fax: 714-996-0695

Sales Quote	SQ20183
Sales Quote Date:	12/12/2018
Inside Sales Rep.:	Kimberly Bellamy

Sell To: DOWNTOWN FORD SALES
SANDRA
DEALER #72C201
525 N. 16TH ST
SACRAMENTO, CA 95814

Ship To: SOLANO COUNTY WATER AGENCY

, CA

Tax Ident. Type	Legal Entity	Customer ID	FSD01
		Dealer Number	
Ship Via	HARBOR	SalesPerson	STEVE
Terms	2% 10 Days, Net 30	VIN	
Location	BREA		
Territory	REGION 2		

Harbor Truck Bodies Is Not Held Responsible for any items not listed on this order/quote.

Pricing on quote is valid 30 days from sales quote date.

Item No.	Description	Exp. Notes	Unit	Qty.	Unit Price	Net Price
SEO_2	ROLL OUT TRAY (CURBSIDE #1 COMPATMENT) MOUNT BOTTOM UP, STRONG ENOUGH TO SUPPORT A SMALL PORTABLE GENERATOR		EACH	1	374.40	374.40
SEO_3	100 GALLON TRANSFER TANK (DIESEL) AND ELECTRIC PUMP	TO BE SUPPLIED AND INSTALLED BY OC PETROLEUM	EACH	1	2,252.88	2,252.88
MPDI	PDI FOR NEW VEHICLE		EACH	1	225.00	225.00
FREIGHT	Freight		EACH	1	450.00	450.00
FUEL CHARGE	FUEL CHARGE		EACH	1	75.00	75.00
	NOTE: DEALER TO ORDER WITH FACTORY TRAILER RECEIVER AND FACTORY BACKUP ALARM *					
SEO_4	WARN 16.STI WINCH AND WARN TRANSFORMER FRONT BUMPER WITH LIGHT BAR, GILL AND HEADLIGHT GAURDS		EACH	1	6,240.24	6,240.24

Amount Subject to Sales Tax 0
Amount Exempt from Sales Tax 20,007.12
Authorized Signature _____ Date _____
Dealer VIN/VON _____
P.O.# _____

Subtotal:	**20,007.12**
Invoice Discount:	0.00
Total Sales Tax:	0.00
Total:	**20,007.12**

Alex Rabidoux

From: Mark Snyder
Sent: Wednesday, January 30, 2019 1:49 PM
To: Alex Rabidoux
Subject: Fwd: 2019 Ram 1500 Classic Quad cab 4x4

From: Mark Snyder <MSnyder@scwa2.com>
Date: January 30, 2019 at 12:25:58 PM PST
Subject: Fwd: 2019 Ram 1500 Classic Quad cab 4x4

Alex,
This is for the 4x4 truck.

Mark Snyder
Senior Water Resources Specialist
Solano County Water Agency
(707) 455-1108

Begin forwarded message:

> **From:** michael scanlon <mscanlon@sbcglobal.net>
> **Date:** December 19, 2018 at 1:27:35 PM PST
> **To:** <msnyder@scwa2.com>
> **Subject: 2019 Ram 1500 Classic Quad cab 4x4**
>
> Hello Mark,
>
> Following is the amended bid for the 2019 Ram 1500 Classic quad cab 4x4. We're still on the 26B package which is still the Tradesman designation with the 5.7L Hemi and the 8 speed auto. The price is not all that much less than the crew cab and we still can't give you the rear defroster. In reading a note that popped up when I started the fleet bid, it noted that the rear defroster had been dropped as a fleet option but we can pretty much do everything else you need.
>
> 2019 Ram 1500 Classic Tradesman Quad Cab 4x4
> 26B package (5.7L Hemi, 8 speed auto, Tradesman)
> bright white exterior
> black/diesel gray HD vinyl 40/20/40 split bench seat
> parksense rear park assist system
> daytime running headlamps, low beam
> Uconnect 3.0
> Anti-spin differential
> trailer tow mirrors and brake group
> protection group
> 3.92 rear axle ratio
> LT265/70R17E BSW A/T tires

The MSRP on this is 40520 and I will sell this to you for 26090 plus any governmental fees that I have to charge the District, i.e. sales tax and/or license fees.

I did go back to see if there was any difference between the retail and fleet designation on the hemi Tradesman package and it still comes up as the 26B on the quad cab as it does on the crew cab. And since I'm in the Chrysler ordering system, I would think that the information that I have would be the correct one.

Let me know if you have any questions.

Mike

Mike Scanlon
Dodge Chrysler Jeep Ram of Vacaville
681 Orange Drive
Vacaville Ca 95687
707 452 2559 direct line

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Authorize use of excess FY 2018-2019 Other Post-Employment Benefits (OPEB) funds for payment of unfunded CalPERS pension liability**

RECOMMENDATIONS:

Authorize General Manager to pay down unfunded CalPERS pension liability using $619,704 initially allocated for pay down of unfunded OPEB liability (note: OPEB now fully funded).

FINANCIAL IMPACT:

$750,000 was included in the FY 2018-2019 Salary and Benefits budget line item as part of a multi-year effort to pay down and eliminate the Water Agency's projected unfunded OPEB liability. Subsequent to budget adoption it was determined by Bartel Associates, LLC that only a fraction of the $750,000 was needed to eliminate the outstanding unfunded OPEB liability. The remaining funds ($619,704) can either remain unused in FY 2018-2019 or be redirected elsewhere.

BACKGROUND:

What are Other Post-Employment Benefits (OPEB)?
Other Post-Employment Benefits (OPEB) are benefits an employee will begin to receive, other than pension benefits, at the start of retirement. Typical OPEB benefits include medical insurance, life insurance, and legal services. The Water Agency currently provides one OPEB benefit to retirees – medical insurance (up to $12,500 per year).

Recommended: _____
Roland Sanford, General Manager

☐	Approved as recommended	☐	Other (see below)	X	Continued on next page

Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

What are unfunded OPEB liabilities and how are they calculated?

The Water Agency currently has 20 full-time employees and one retiree who currently receive medical insurance. Historically the Water Agency, like many government organizations, has funded medical insurance on a "pay-as-you-go" basis, meaning each year funds are budgeted to cover the cost of medical insurance for active employees and eligible retirees. The pay-as-you-go funding model generally works well when an organization is relatively young like the Water Agency or otherwise has very few eligible retirees. Over time the number of eligible retirees typically increases and can become a substantial fraction of those individuals receiving medical insurance in any given year. For accounting purposes, the future medical benefits to be paid to retirees is, unless funds are specifically set aside to cover the future cost of retiree medical benefits, typically characterized as an "unfunded liability".

The calculation of unfunded OPEB liabilities relies heavily on actuarial methods and assumptions – how many current employees will be eligible for retiree medical insurance coverage when they retire and how long will they live after retirement. OPEB liabilities are calculated in accordance with GASB (Governmental Accounting Standard Board) Statement No. 75 and reported in the Water Agencies financial statements. Pursuant to GASB Statement No. 75, the projected future cost of retiree benefits is amortized over time. From an accounting perspective, an unfunded liability occurs and accumulates each year that sufficient funds are not set aside to offset the annual amortized cost of the OPEB benefit.

Water Agency currently has no unfunded OPEB liabilities

As discussed in the "Solano County Water Agency Retiree Healthcare Plan – June 30, 2018 Actuarial Valuation" report prepared by Bartel Associates (attached); on June 30, 2016 the Water Agency's accumulated unfunded OPEB liability was estimated to be $1,829,000. In April 2017 the Board of Directors approved the Water Agency's participation in the California Employers Retiree Benefit Trust (CERBT) Program – an investment account administered by CalPERS - for the purposes of setting aside funds for future retiree medical insurance expenses and eliminating the accumulated unfunded liability. To date $1,480,000 has been deposited into the investment account. More recently and as a result of the funds that have already been set aside pursuant to the CERBT Program, Bartel Associates estimates that as of June 30, 2018 the Water Agency had no unfunded OPEB liability and that the Water Agency's CERBT Program account held a $157,267 surplus.

Based on the June 30, 2016 unfunded OPEB liability estimate, staff anticipated that a $750,000 payment would be needed in FY 2018-2019 to eliminate the remainder of the accumulated unfunded liability. The situation has changed and as a result there is $619,704 that was originally earmarked to pay off the remaining accumulated OPEB liability, but no longer needed. Staff is recommending the $619,704 be applied toward the pay down of the Water Agency's unfunded CalPERS pension liability – as of June 30, 2018 estimated to be $1,205,732.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN:

Paying down the Water Agencies unfunded pension liability is consistent with Goal # 10 (Funding and Staffing), Objective C (Provide necessary and sufficient staffing and resources to maintain program activities and to achieve the goals and objectives of strategic plan priorities), and Objective D (Optimize opportunities for cost-savings strategies.

BARTEL ASSOCIATES LLC

Solano County Water Agency

Retiree Healthcare Plan
June 30, 2018 Actuarial Valuation

October 2018

Bartel Associates, LLC
411 Borel Avenue, Suite 101
San Mateo, California 94402
Phone: 650/377-1602
Fax: 650/345-8057
www.bartel-associates.com
Email: dpryor@bartel-associates.com

Solano County Water Agency
Retiree Healthcare Plan
June 30, 2018 Actuarial Valuation

The purpose of this report is to present the funded status of the Solano County Water Agency's Retiree Healthcare Plan as of June 30, 2018, and recommend employer contributions to the plan for the following two fiscal years.

The Agency provides healthcare benefits to its retirees through CalPERS "PEMHCA" program. The Agency pays full retiree premium amount up to cap of $1,041.67/month in 2018. In addition, the Agency incurs an "implied subsidy" (IS) since the per capita healthcare costs (expected claims) are higher for pre-Medicare retirees than the premium charged by PEMHCA. Actuarial Standards of Practice No. 6 (ASOP 6) requires the implied subsidy be valued for agencies participating in pooled plans such as CalPERS' PEMHCA.

The Agency's funding policy is to fully prefund the ADC.

GASBS 75 accounting information will be provided in a separate report.

VALUATION RESULTS

Funded Status: The funded status of the plan is equal to the percentage of Actuarial Accrued Liability currently funded by Plan Assets. The following table summarizes the Plan's funded status for the current and previous valuations:

	June 30, 2016	June 30, 2018
■ Discount Rate	4.00%	6.25%
■ Actuarial Accrued Liability (AAL)		
• Future Retirees	$ 1,359,000	1,128,598
• Retirees	470,000	222,890
• Total	1,829,000	1,351,488
■ Plan Assets	-	1,508,755
■ Unfunded AAL	1,829,000	(157,267)
■ Funded Status	0%	112%

Plan Assets: Plan assets are invested with CalPERS' CERBT using Strategy 2. Following is a reconciliation of the value of plan assets from June 30, 2016 through June 30, 2018.

	Total
■ **Assets as of July 1, 2016**[1]	$ 0
• Contributions	730,000
• Disbursements	-
• Net Investment Earnings	3,246
• Administrative Expenses	(38)
■ **Assets as of June 30, 2017**[2]	733,208
• Contributions	750,000
• Disbursements	-
• Net Investment Earnings	26,077
• Administrative Expenses	(530)
■ **Assets as of July 1, 2018**	1,508,755

Actuarially Determined Contribution (ADC): GASBS 75 does not require the Agency to fund. Instead, the unfunded liability or surplus is amortized over time. The Agency's Actuarially Determined Contribution is simply the current employer Normal Cost plus an amortization of the unfunded liability or less an amortization of the excess assets. In other words, the contribution is the value of benefits earned during the year plus an amount to keep the plan on track for funding. For the Agency's June 30, 2018 valuation, we calculated the 2018/19 ADC as the Normal Cost plus a 20-year closed period amortization (as a level percent of pay) of the July 1, 2018 Unfunded AAL.

Employer contributions are the total amounts paid to CERBT plus benefits or premiums, including Implied Subsidy, paid directly to or on behalf of retirees by the Agency. Contributing the ADC is not actually required, but the difference between the ADC and amounts contributed will increase the unfunded liability and UAAL amortization for the following year.

	June 30, 2018 Valuation	
■ Fiscal Year	2018/19	2019/20
■ Normal Cost + Administrative Expenses	$ 162,607	$ 167,612
■ UAAL Amortization	(11,045)	(11,376)
■ Actuarially Determined Contribution (ADC)	151,562	156,236
■ Estimated Payroll[3]	1,899,031	1,956,001
■ ADC as a percent of estimated payroll	8.0%	8.0%

1 Based on 6/30/17 "California Employers' Retiree Benefit Trust Agent Multiple-Employer Other Postemployment Benefits Plan Schedule of Changes in Fiduciary Net Position by Employer" report.
2 Based on CERBT Statements provided by the Agency.
3 17/18 payroll provided by the Agency projected to future years using 3% payroll increase assumption.

Projected Benefit Payments: Following is a 10-year projection of benefit payments:

Year	Cash Benefit Payments	IS Benefit Payments	Total Benefit Payments
2018/19	$16,471	$4,795	$21,266
2019/20	24,580	9,309	33,889
2020/21	32,832	15,459	48,291
2021/22	33,621	9,706	43,327
2022/23	44,995	11,446	56,441
2023/24	54,110	18,396	72,506
2024/25	61,151	15,941	77,092
2025/26	74,715	21,796	96,511
2026/27	82,157	23,733	105,890
2027/28	99,438	27,864	127,302

BASIC DEFINITIONS

Present Value of Benefits (PVB): When an actuary prepares an actuarial valuation, (s)he first gathers participant data (including active employees, former employees not in payment status, participants and beneficiaries in payment status) at the valuation date (for example June 30, 2018). Using this data and actuarial assumptions, the actuary projects future benefit payments. (The assumptions predict, among other things, when people will retire, terminate, die or become disabled, as well as what salary increases, general (and healthcare) inflation and investment return might be.) Those future benefit payments are discounted, using expected future investment return, back to the valuation date. This discounted present value is the plan's present value of benefits. It represents the amount the plan needs as of the valuation date to pay all future benefits – if all assumptions are met and no future contributions (employee or employer) are made. The Agency's June 30, 2018 retiree healthcare Present Value of Benefits is $2,575,722 using a 6.25% discount rate, with $222,890 of this for former employees who have already retired.

Actuarial Accrued Liability (AAL): This represents the portion of the present value of benefits that participants have earned (on an actuarial, not actual, basis) through the valuation date. The Agency's June 30, 2018 retiree healthcare Actuarial Accrued Liability is $1,351,488 using a 6.25% discount rate, with $222,890 of this for former employees who have already retired.

Plan Assets: This includes funds that have been segregated and restricted in a trust so they can only be used to pay plan benefits. As of June 30, 2018, the Agency's plan assets are $1,508,755.

Unfunded Actuarial Accrued Liability (UAAL): This is the difference between the Actuarial Accrued Liability and Plan Assets. This represents the amount of the Actuarial Accrued Liability that must still be funded. If the Plan Assets exceed the Actuarial Accrued Liability, the plan has Surplus Assets. As of June 30, 2018, the Agency has $(157,267) in surplus assets ($1,351,488 AAL less $1,508,755 Plan Assets).

Normal Cost (NC): The Normal Cost represents the portion of the present value of benefits expected to be earned (on an actuarial, not actual, basis) in the coming year. The Agency's 2018/19 retiree healthcare Normal Cost is $162,607 (8.6% of payroll) using a 6.25% discount rate.

Actuarial Cost Method: This determines the method in which benefits are actuarially earned (allocated) to each year of service. It has no effect on the Present Value of Benefits, but has significant effect on the Actuarial Accrued Liability and Normal Cost. The Agency's June 30, 2018 retiree healthcare valuation was prepared using the Entry Age Normal cost method. Under the Entry Age Normal cost method, the Plan's Normal Cost is developed as a level percent of payroll throughout the participant's working lifetime.

Implied Subsidy: An implied subsidy exists when the premium for a group of early retirees is determined by aggregating their experience with active employees. GASBS 75 requires that the implied subsidy for retirees be included in the AAL for plans that are not community rated. After March 15, 2015, Actuarial Standards of Practice requires the implied subsidy be included for community rated plans such as PEMHCA. We valued the implied subsidy for the Agency's retiree healthcare plan.

SUMMARY OF RETIREE HEALTHCARE BENEFITS

Benefit Summary	
■ Eligibility	■ Retire directly from the Agency under CalPERS (age 50 and 5 years, or disability)
■ Retiree Medical Benefit	■ Agency contributes up to a $1,041.67/month cap in 2018 ■ Cap assumed to increase 3% annually commencing in 2019
■ Surviving Spouse Benefit	■ Benefit continues to surviving spouse if retiree elects CalPERS survivor annuity
■ Dental, Vision & Life	■ None

2018 PEMHCA Monthly Medical Premiums
Bay Area

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	$ 856.41	$ 1,712.82	$ 2,226.67	n/a	n/a	n/a
Anthem Traditional	925.47	1,850.94	2,406.22	$ 370.34	$ 740.68	$ 1,111.02
Blue Shield	889.02	1,778.04	2,311.45	n/a	n/a	n/a
Health Net SmartCare	863.48	1,726.96	2,245.05	n/a	n/a	n/a
Kaiser	779.86	1,559.72	2,027.64	316.34	632.68	949.02
UnitedHealthcare	1,371.84	2,743.68	3,566.78	330.76	661.52	992.28
PERS Choice	800.27	1,600.54	2,080.70	345.97	691.94	1,037.91
PERS Select	717.50	1,435.00	1,865.50	345.97	691.94	1,037.91
PERSCare	882.45	1,764.90	2,294.37	382.30	764.60	1,146.90

2019 PEMHCA Monthly Medical Premiums
Bay Area

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	$ 831.44	$ 1,662.88	$ 2,161.74	n/a	n/a	n/a
~~Anthem Traditional~~	~~1,111.13~~	~~2,222.26~~	~~2,888.94~~	~~$ 357.44~~	~~$ 714.88~~	~~$ 1,072.32~~
Blue Shield	970.90	1,941.80	2,524.34	n/a	n/a	n/a
Health Net SmartCare	901.55	1,803.10	2,344.03	n/a	n/a	n/a
Kaiser	768.25	1,536.50	1,997.45	323.74	647.48	971.22
UnitedHealthcare	n/a	n/a	n/a	299.37	598.74	898.11
PERS Choice	866.27	1,732.54	2,252.30	360.41	720.82	1,081.23
PERS Select	543.19	1,086.38	1,412.29	360.41	720.82	1,081.23
PERSCare	1,131.68	2,263.36	2,942.37	394.83	789.66	1,184.49

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal ("EAN") cost method. Under the EAN cost method, the Normal Cost for each participant is determined as a level percent of payroll throughout the participant's working career.

The June 30, 2018 Unfunded Actuarial Accrued Liability was amortized as a level percent of payroll over a fixed 20-year period. Gain and Losses are amortized over a fixed 20-year period.

The Actuarial Value of assets is set equal to the Market Value of Assets.

The Plan is assumed to be ongoing for cost purposes. This does not imply that an obligation to continue the Plan exists.

The implied subsidy was calculated in compliance with Actuarial Standards of Practice (ASOP) No. 6.

The funding policy is assumed to be full pre-funding of the ADC.

Actuarial Assumptions

An actuary must follow current actuarial standards of practice, which generally call for explicit assumptions - meaning each individual assumption represents the actuary's best estimate.

Actuarial Assumptions	June 30, 2018 Valuation
• Discount Rate	• 6.25% - CERBT Strategy 2 • Full Pre-funding of the ADC
• General Inflation Rate	• 2.75% per year
• Aggregate Payroll Increases	• 3.00% per year
• Mortality	• CalPERS 1997-2015 Experience Study • Post-retirement mortality projected with Mortality Improvement Society of Actuaries Scale MP-2017
• Disability	• CalPERS 1997-2015 Experience Study for applicable employee category
• Termination	• CalPERS 1997-2015 Experience Study for applicable employee category
• Service Retirement	• CalPERS 1997-2015 Experience Study for applicable employee category Classic / PEPRA Benefit: 2%@55 / 2%@62 Expected Retirement Age: 60.0 / 60.5
• Cap Increases	• 3% increase annually commencing in 2019

Actuarial Assumptions	June 30, 2018 Valuation
• Participation at Retirement	• 100% participation
• Medical Plan at Retirement	• Same as current election until age 65, 50% elect PERS Care at 65
• Waived Retiree Re-Election	• Data not provided and not included in calculations. PEMHCA allows employees who retire directly from an agency to elect coverage at any future open enrollment period
• Medical Trend	Increase from Prior Year

Year	Non-Medicare HMO & PPO	Medicare HMO & PPO
2017	Actual Premiums/Claims	
2018	Actual Premiums/Claims	
2019	7.50%	6.50%
2020	7.50%	6.50%
2021	7.25%	6.30%
2022	7.00%	6.10%
2023	6.75%	5.90%
2024	6.50%	5.70%
2025	6.25%	5.50%
2026	6.00%	5.30%
2027	5.80%	5.15%
2028	5.60%	5.00%
2029	5.40%	4.85%
2030	5.20%	4.70%
2031-2035	5.05%	4.60%
2036-2045	4.90%	4.50%
2046-2055	4.75%	4.45%
2056-2065	4.60%	4.40%
2066-2075	4.30%	4.20%
2076+	4.00%	4.00%

• Spousal Coverage	• Future Retirees: 80% at retirement • Retirees: Same as current election

Actuarial Assumptions	June 30, 2018 Valuation
• Spouse Age	• Males 3 years older than females
• Surviving Spouse Participation	• 100% if eligible
• Dependents	• 20% have dependent children from retirement to age 65
• Medicare Eligibility Rate	• 100%
• Implied Subsidy	• Included in valuation
• Administrative Fees	• PEMHCA: 0.3% of premium included in Normal Coast • CERBT: 0.05% of beginning of year assets included in the Normal Cost
• ACA Excise Tax	• Estimate by 2% load on cash benefit
• Medical Claims Costs 2018	• Sample estimated monthly claims costs (Bay Area Region)

	Blue Shield		Kaiser		PERS Choice		UHC	
Age	M	F	M	F	M	F	M	F
25	$261	$513	$257	$505	$245	$402	$403	$792
35	342	628	336	617	363	559	528	969
45	545	659	536	648	577	632	841	1,017
55	910	920	895	905	853	825	1,404	1,420
60	1,162	1,087	1,142	1,068	1,025	948	1,792	1,677
65	1,468	1,321	1,443	1,299	1,273	1,145	2,265	2,039
			Medicare Eligible					
65	326	302	304	282	326	342	326	302
75	383	343	357	320	351	365	383	343
85	409	363	381	339	358	372	409	363
95	373	318	347	297	326	326	373	318

• Basis for Assumptions	• No experience study performed for this Plan • CalPERS January 2014 and December 2017 experience studies covering 1997 to 2015 and 1997 to 2011 experience respectively were used • Mortality improvement based on Society of Actuaries table • Inflation based on the Plan's very long time horizon • Short-term healthcare trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long-term healthcare trend developed using Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends • Age-based claims are based on factors published by the Society of Actuaries • Capital market assumptions for the recommended discount rate are based on our study of investment advisor 10-year 2017 capital market assumptions adjusted in some cases to reflect anticipated long-term trends

SUMMARY OF PARTICIPANT DATA

Participant Statistics

June 30, 2018

	Active Employees	Retirees
■ **Count**	19	1
■ **Average Age**	43.4	62.1
■ **Average Retirement Age**	n/a	58.9
■ **Average Agency Service**	7.2	n/a
■ **2017/18 Payroll**		
• Total	$1,844,000	n/a
• Average	$97,000	n/a

June 30, 2016

	Active Employees	Retirees
■ **Count**	16	2
■ **Average Age**	45.9	63.5
■ **Average Retirement Age**	n/a	57.7
■ **Average Agency Service**	7.1	n/a
■ **2015/16 Payroll**		
• Total	$1,457,000	n/a
• Average	$91,000	n/a

Medical Plan Participation
Non-Waived Participants

Medical Plan	Actives	Retirees		
		< 65	> 65	Total
Blue Shield	7%	0%	n/a	0%
Kaiser	73%	0%	n/a	0%
PERS Choice	13%	0%	n/a	0%
PERS Select	0%	100%	n/a	100%
UnitedHealthCare	7%	0%	n/a	0%
Total	100%	100%	n/a	100%

Current Active Medical Coverage
June 30, 2018

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield	1	-	-	-	1
Kaiser	6	3	2	-	11
PERS Choice	1	-	1	-	2
UnitedHealthCare	1	-	-	-	1
Waived	-	-	-	4	4
Total	9	3	3	4	19

Current Retiree Medical Coverage
June 30, 2018

Medical Plan	Single	2-Party	Family	Waived	Total
PERS Select	-	1	-	-	1
Waived	-	-	-	-	-
Total	-	1	-	-	1

ACTUARIAL CERTIFICATION

This report presents the Solano County Water Agency Retiree Healthcare Plan ("Plan") June 30, 2018 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan's June 30, 2018 Funded Status, and
- Calculate the 2018/19 and 2018/19 Actuarially Determined Contributions.

The report provides information intended for plan funding, but may not be appropriate for other purposes. Information provided in this report may be useful to the Agency for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data provided by the Agency and audited asset information provided by CERBT as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of my knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

Doug Pryor

Doug Pryor, ASA, EA, MAAA
Vice President
Bartel Associates, LLC
October 30, 2018

Action Item No. 2019-xx
Agenda Item No. 5J

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Contract Amendment with AD Consultants for additional Lake Berryessa reservoir operations analyses**

RECOMMENDATION:

Authorize General Manager to execute $50,000 contract amendment with AD Consultants for additional Lake Berryessa reservoir operations analyses

FINANCIAL IMPACT:

Increases contract amount by $50,000; from $25,000 to $75,000. Funding for the additional analyses is included in the FY 2018-2019 budget

BACKGROUND:

AD Consultants is conducting a series of computer simulations to evaluate the potential impacts of various reservoir release scenarios proposed by the State Water Resources Control Board (SWRCB), as part of the SWRCB's ongoing Bay-Delta Plan update, for Lake Berryessa.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN

Completion of the proposed Lake Berryessa reservoir operations analyses is consistent with Objective C (*(Monitor emerging challenges to SCWA water supply reliability and promote advocacy of SCWA interests)* of Goal # 4 (*Water Resources Resiliency)* of the 2016-2025 SCWA Strategic Plan.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended ☐ Other (see below) ☐ Continued on next page

---

Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

File: N-22

SOLANO COUNTY WATER AGENCY

AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES

AMENDMENT NUMBER: 2

CONTRACTOR: AD Consultants

EFFECTIVE DATE: February 5, 2019

PROJECT: Lake Berryessa Reservoir Operations Study

DESCRIPTION OF AMENDMENT:

1. Increase total contract amount by $50,000 from $25,000 to $75,000 for completion of additional analyses.

SIGNATURES:

Solano County Water Agency,
A Public Agency

By: _____
Roland Sanford, General Manager
Solano County Water Agency

AD Consultants

By: _____
AD Consultants

FOR SCWA USE ONLY

Contract Period: 11/27/17 to 6/30/19
File Number: AG-A-2
Account Manager: RS
G/L Account #: 6140SC
Job Cost #: 4714
Contract Type: Professional Services

SOLANO COUNTY WATER AGENCY

MEMORANDUM

TO: Board of Directors

FROM: Roland Sanford, General Manager

DATE: February 8, 2019

SUBJECT February 2019 General Manager's Report

Water Supply Outlook

The recent rains and additions to the Sierra snowpack have improved the water supply picture for 2019. In late January the Department of Water Resources increased the North Bay Aqueduct annual water supply allocation by 5 percent, from 15 percent of the full Table "A" contractual allocation to 20 percent of the full Table "A" contractual allocation. While there are no guarantees, the prospects for an even greater 2019 water supply allocation appear good.

As illustrated by the attached charts, inflow to Lake Berryessa is now "average" for this time of year and lake storage is at 87 percent of capacity. Based on the historic record there is a "4 in10" chance that the lake will spill this year.

USBR Invasive Mussel Inspection Grant

Last month the Water Agency was awarded a three-year, $412,000 grant from the U.S. Bureau of Reclamation (Reclamation) for continuation of the Lake Berryessa Mussel Prevention Program. Pursuant to the grant award, the Water Agency will be providing a $412,000 match. The grant funds are being made available through Reclamation's "Safeguarding the West: Actions to Strengthen Federal, State, and Tribal Coordination to Address Invasive Mussels" program.

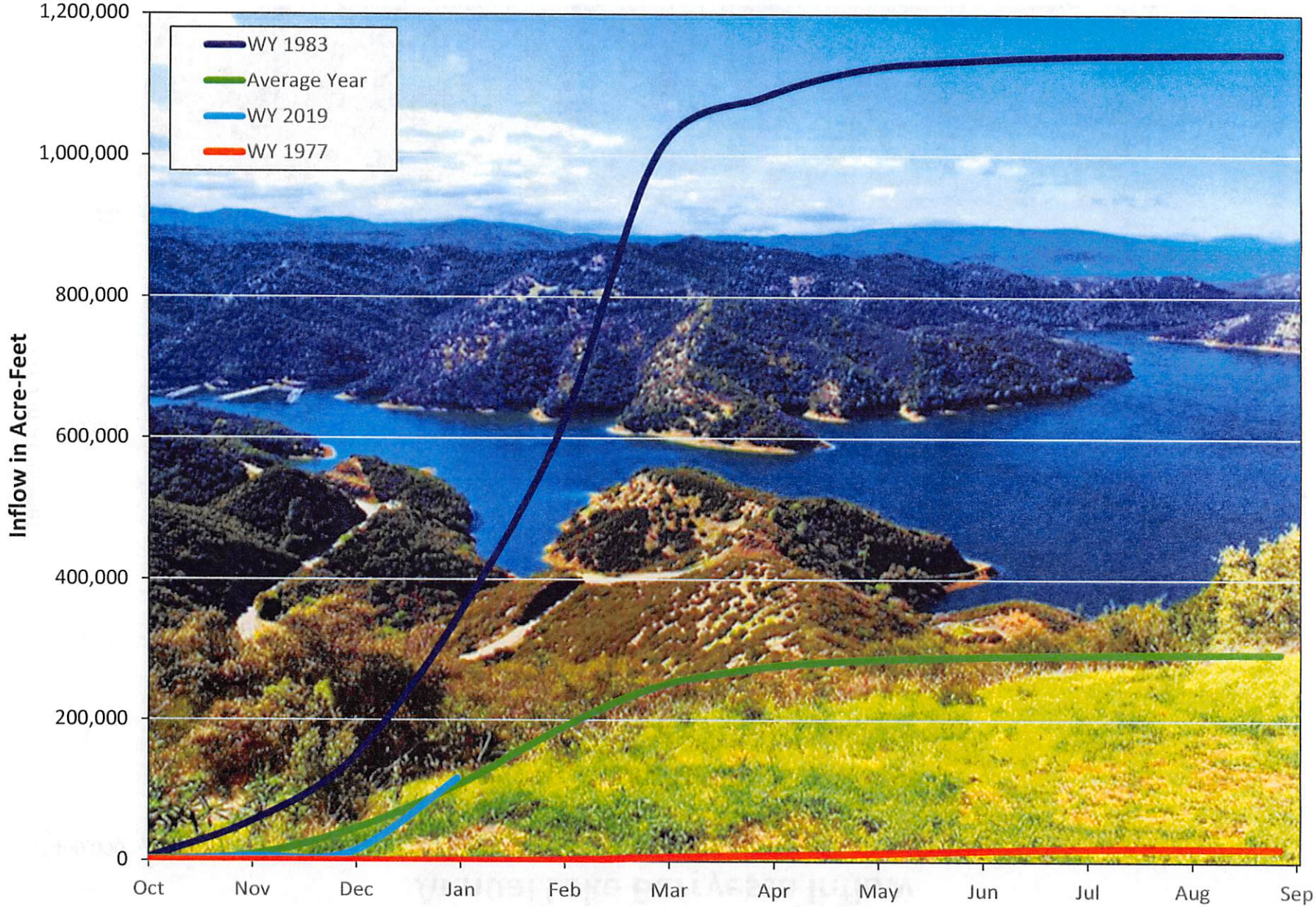
LPCCC 2018 Annual Report

Pursuant to the Putah Creek Accord the Lower Putah Creek Coordinating Committee (LPCCC) is required to submit annual report to the Sacramento Superior Court and the parties to the Accord. The LPCCC's 2017-2018 report is attached. Among the 2017-2018 highlights were completion of the channel realignment for the River Parkway 5 and NAWCA 3 projects (Winters Putah Creek Park), planting of 2,000 cottonwood trees, and construction of erosion control structures.

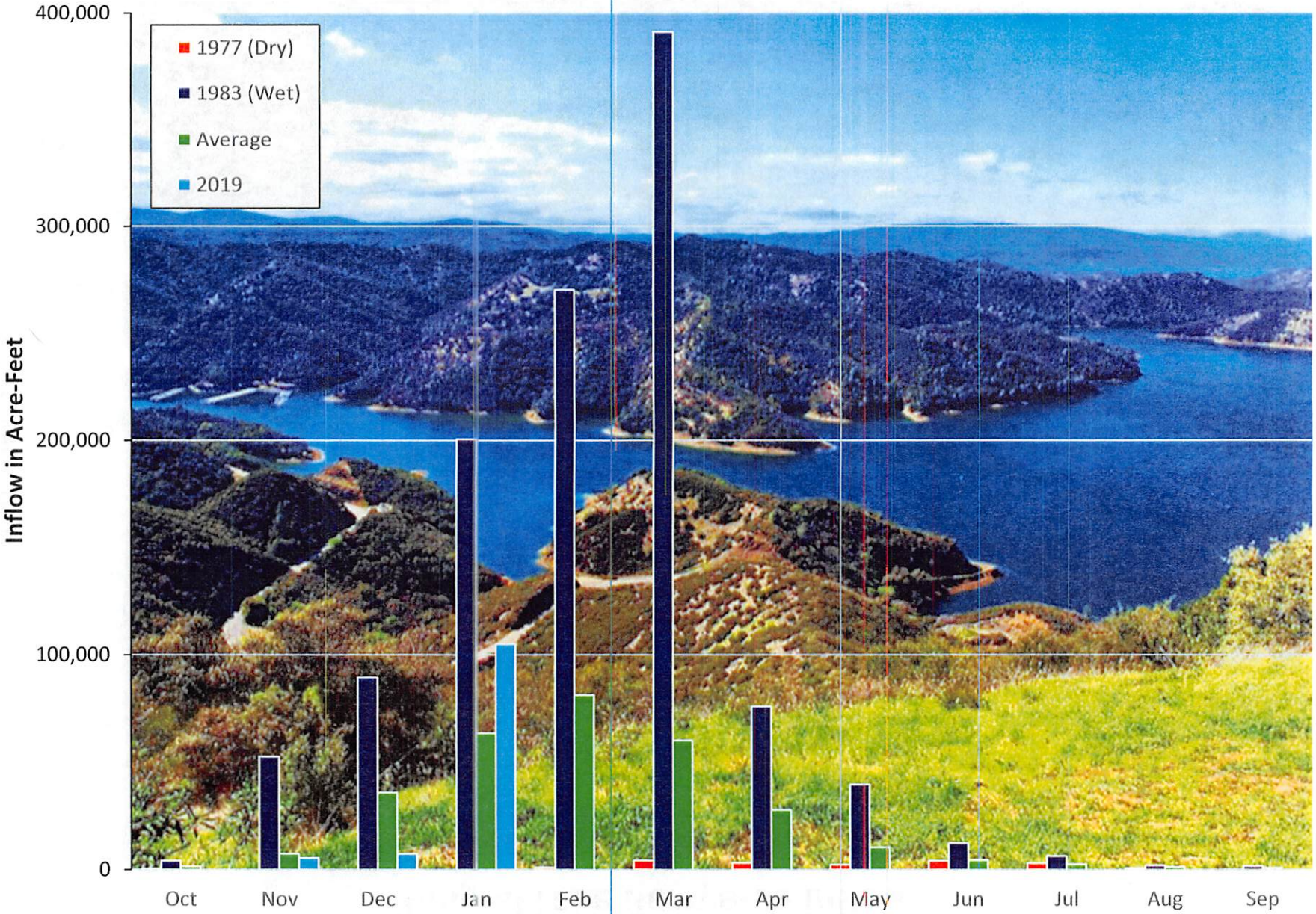
810 Vaca Valley Parkway, Suite 203
Vacaville, California 95688
Phone (707) 451-6090 • FAX (707) 451-6099
www.scwa2.com

SOLANO WATER

Annual Lake Berryessa Inflow



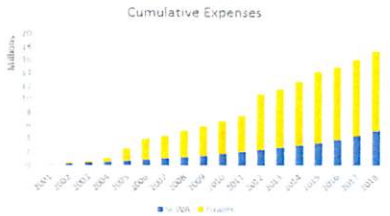
Annual Lake Berryessa Inflow

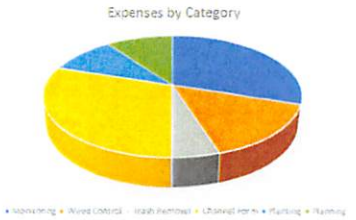


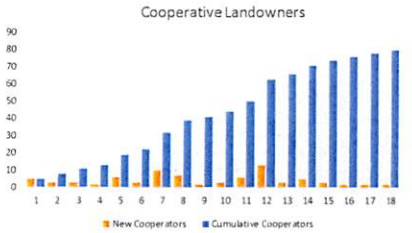
Lower Putah Creek Coordinating Committee (LPCCC)
Annual Report 2017-2018

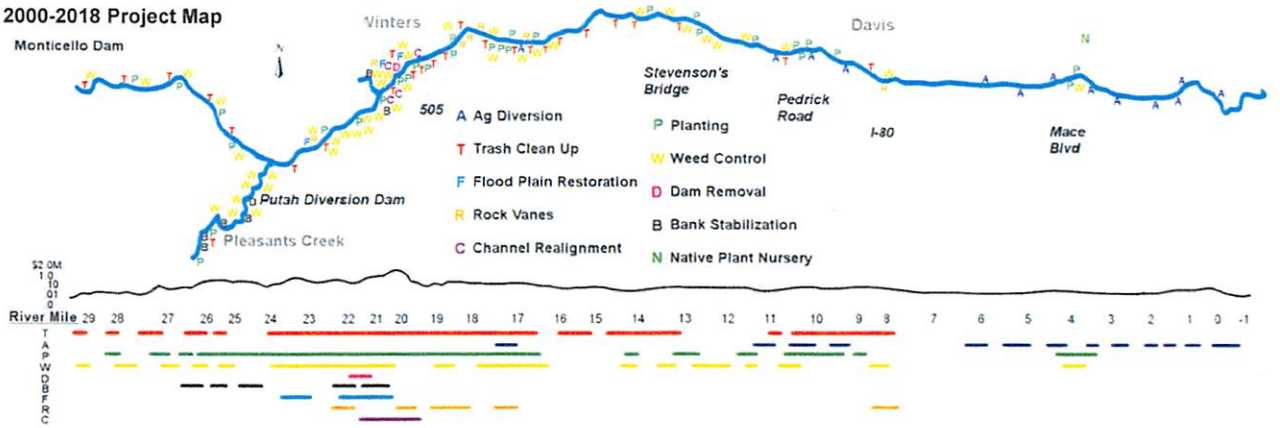
The LPCCC is required by the Accord[1] to produce an annual report to the court[2] and parties to the settlement[3]. This report covers the period 7/1/17 to 6/30/18. Over the life of the Accord, the LPCCC has made significant progress on its mission[4].

2000-2018 Summary









2017-2018 Projects

This past year, the LPCCC spent $1.354 million: $0.246 million in Accord funds, $0.465 million in additional non-Accord SCWA funds and $0.634 million in grant funds with the following highlights:

- **Salmon Origin Studies** – SCWA funded continuing studies to determine if natal origin fish are returning
- **IRWM** – Planted 2,000 cottonwood trees, installed two erosion control structures, began weed control at Fishing Accesses.
- **River Parkway 5 and NAWCA 3** Completed channel realignment and grading, began revegetation.

Annual Programs

- **Flow Monitoring:** One instantaneous flow violation occurred likely due to a beaver dam.
- **Fish Monitoring:** 700 salmon spawned in Putah Creek and we trapped, measured and released over 33,500 juveniles.
- **Wildlife Monitoring:** UCD documented a doubling in numbers of birds since the Putah Creek Accord (2000).
- **Vegetation Management:** Created 5 field nurseries to grow canopy trees, each watered by a central sprinkler

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[1] Second Amended Putah Creek Judgment, Sacramento County Superior Court No. 515766. November 14, 2002

[2] Sacramento County Superior Court

[3] Membership consists of five members representing the "Yolo Parties" (Putah Creek Council, City of Davis, U.C. Davis) and five members representing the "Solano Parties" (Solano County Water Agency, Solano Irrigation District, Maine Prairie Water District, Cities of Vacaville, Fairfield, Vallejo and Suisun City.

[4] To protect, monitor, and enhance the resources of lower Putah Creek, within the framework of the Accord, while respecting property rights, serving as a forum for dialogue about issues, and promoting synergy among stakeholders in the Creek community.

Time Period Covered: JANUARY 2019

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) - none

Construction Contracts ($30,000 and less) - none

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

None

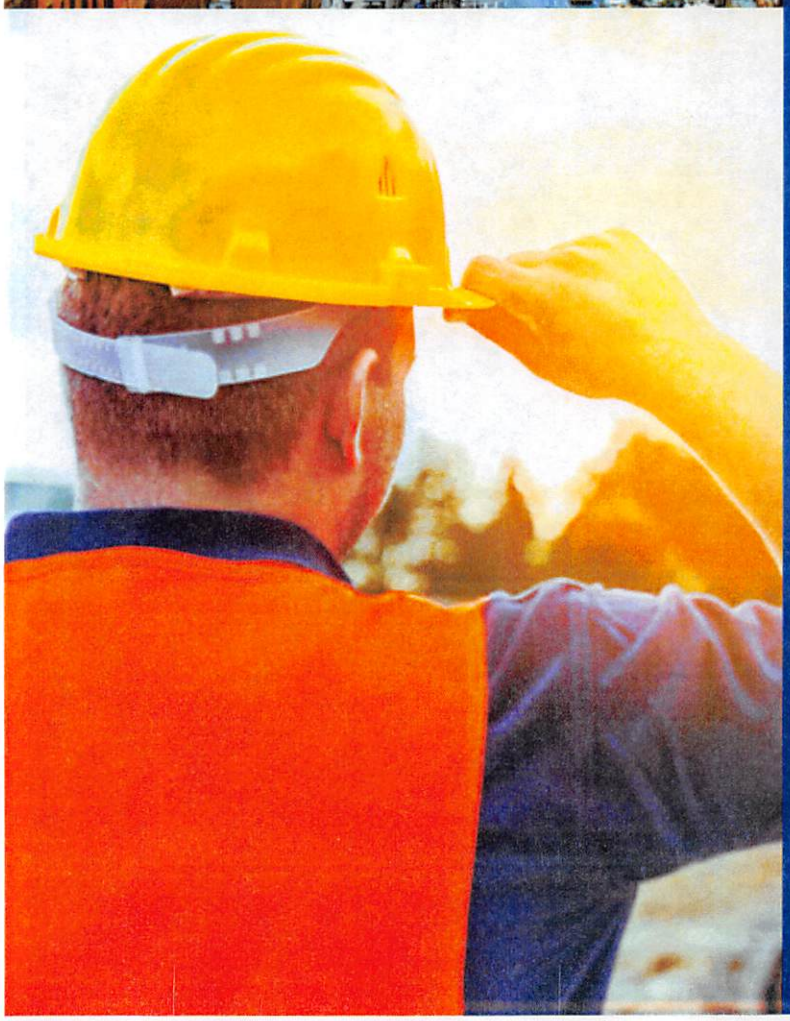
Non-Professional Service Agreements ($30,000 and less) –

Construction contracts resulting from informal bids authorized by SCWA Ordinance- none

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

NEWS ARTICLES

Value of Water
CAMPAIGN



The Economic Benefits of Investing in Water Infrastructure

About the Value of Water Campaign

The Value of Water Campaign educates and inspires the nation about how water is essential, invaluable, and in need of investment. Spearheaded by top leaders in the water industry, and coordinated by the US Water Alliance, the Value of Water Campaign is building public and political will for investment in America's water and wastewater infrastructure through best-in-class communications tools, high-impact events, media activities, and robust research and publications.

The campaign is supported by a diverse group of leaders in the water industry, including:

Alexandria Renew Enterprises
American Society of Civil Engineers
American Water
American Water Works Association
Association of Metropolitan Water Agencies
Atlanta Department of Watershed Management
Black & Veatch
Boston Water and Sewer Commission
CH2M
DC Water
Detroit Water and Sewerage Department
Dow Chemical
Greeley and Hansen
Hampton Roads Sanitation District
Hazen and Sawyer
Kansas City Water Services
Los Angeles Sanitation
Louisville Metropolitan Sewer District
Metropolitan Sewer District of Greater Cincinnati
Metropolitan Water Reclamation District of Greater Chicago
MWH Global—now part of Stantec
National Association of Clean Water Agencies
National Association of Water Companies
Northeast Ohio Regional Sewer District
Philadelphia Water Department
San Francisco Public Utilities Commission
Santa Clara Valley Water District
Sewerage and Water Board of New Orleans
Tucson Water
US Water Alliance
Veolia
Water Environment Federation
Xylem Inc.

To learn more, visit www.thevalueofwater.org

The Economic Benefits of Investing in Water Infrastructure

Purpose of the Report

The Value of Water Campaign commissioned an economic impact analysis to understand how increasing investments in the nation's water infrastructure can affect economic growth and employment. The study reviews the projected capital needs of water, wastewater, and stormwater utilities, and estimates the associated economic benefits that would be realized if the nation chose to make these investments. These benefits include the economic opportunities created by water infrastructure projects, the long-term productivity savings to the customers of water utilities, as well as the avoided costs of frequent disruptions in water and wastewater service to business. Because many sectors are reliant on water, a disruption of water and wastewater service, even for one day, can cost businesses significant amounts of revenue and almost instantly shrink the annual national Gross Domestic Product (GDP).

The analysis builds on a previous report, "National Economic and Labor Impacts of the Water Utility Sector," published by the Water Research Foundation and the Water Environment Research Foundation, which evaluates the economic contributions of 30 of the nation's largest water and wastewater utilities serving 25 percent of the nation's population.

Introduction

Water is essential to all aspects of life. Water sustains families and communities. It supports economic productivity. From semiconductor manufacturing, to agriculture, to hotels and restaurants, virtually all sectors of the economy rely on water.

In this report, the term "water infrastructure" is used to encompass the structures and facilities that are operated by water, wastewater, and stormwater utilities, both public and investor-owned. These may include important infrastructure assets such as pipes, pumps, treatment plants, and more. In the US, approximately 52,000 water systems deliver drinking water to homes and businesses and approximately 16,000 centralized treatment plants collect and treat wastewater so it can be recycled or returned to the environment (EPA 2016b, Shifrin 2014). Many wastewater utilities also manage stormwater either through combined systems that handle both stormwater and wastewater, or separate stormwater systems. While publicly-owned utilities serve most homes and businesses, investor-owned utilities also play an important role, directly serving 50 million Americans and making up 15 percent of the US municipal water sector based on population served (Bluefield Research 2016).

Many of the nation's water and wastewater systems have been in operation for a century or more. As pipes, pumps, and plants reach the end of their expected lifespan, water infrastructure capital needs are growing rapidly, yet investment in water infrastructure is not keeping pace. Based on a 2016 assessment by the American Society of Civil Engineers (ASCE), this study estimates that the US needs to invest an additional $82 billion per year in water infrastructure at all levels of government over the next 10 years to meet projected capital needs.

If the estimated investment gap were closed, it would result in **over $220 billion** in total annual economic activity to the country. These investments would generate and sustain approximately **1.3 million jobs** over the 10-year period.

Furthermore, the value of safe provision, delivery, and treatment of water to customers results in significant avoided costs for businesses that would otherwise have to provide their own water supplies. These investments would save US businesses approximately **$94 billion a year** in sales in the next 10 years and as much as **$402 billion a year** from 2027 to 2040.

The US is funding just **one-third of its water infrastructure needs.**

Current national capital need: $123 billion per year

Water utilities serve 86 percent of the national population and provide approximately half of the freshwater used by commercial and industrial businesses (USGS 2014). On a daily basis, water utilities distribute 42 billion gallons of clean water (USGS 2014). Wastewater utilities serve 75 percent of the population while collecting and treating 32 billion gallons of wastewater daily (Shifrin 2014). Providing this scale of service requires significant ongoing capital investment to repair or replace the distribution lines, conveyance systems, treatment plants, and storage tanks that keep water, wastewater, and stormwater systems working.

Currently, capital needs of water, wastewater, and stormwater utilities are on the rise as infrastructure built decades ago nears the end of its useful life. Based on ASCE's estimates of water infrastructure needs (ASCE 2016), the US needs to invest a minimum of $123 billion per year in water infrastructure over the next 10 years (in current 2016 dollars) to achieve a good state of repair.

Projected capital needs are distributed throughout the nation with 23 percent of needs reported in the Midwest, 20 percent in the Northeast, 23 percent in the West and 34 percent in the South (see Figure 1). Note that capital needs presented in this report **represent the minimum investment required** to bring water, wastewater, and stormwater systems to a state of good repair. They do not account for costs associated with adding capacity in high-growth regions, responding to natural disasters, or developing new sources of water.

Investment needs grow as water infrastructure reaches the end of its lifespan

The reason for the surge in nationwide replacement needs can be explained by the timing, lifespan, and design of investments in water infrastructure over the last century. With a lifespan of 75 to 100 years, much of the nation's underground pipes are due for replacement. Based on analysis by the American Water Works Association (2011), approximately one-third of water mains nationwide will require replacement by 2040. As an indication of mounting needs, water mains currently experience an estimated 240,000 breaks per year (ASCE 2013). Wastewater systems face distinct, but equally pressing challenges. Many wastewater systems built in the first half of the twentieth century were designed to collect stormwater and wastewater as part of a single, combined system. During storm conditions, combined systems can overflow, causing untreated wastewater and stormwater to enter waterways. Every year, 900 billion gallons of untreated wastewater and stormwater are released to water bodies without being treated (Galavotti 2015). As a result of greater frequency and intensity of storm events in many communities, combined sewer systems have become even more susceptible to overflows.

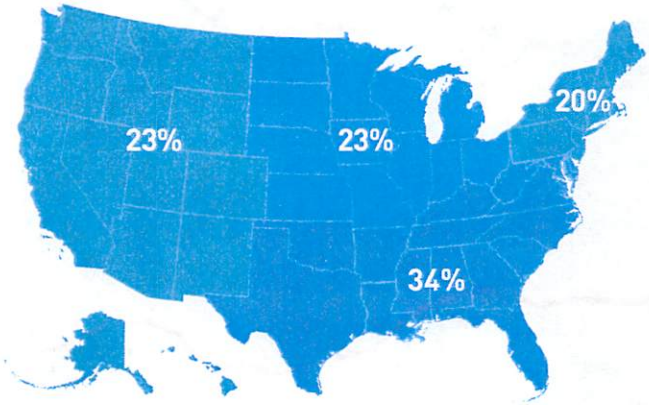
National investment gap: $82 billion per year

Aggregate capital spending on water infrastructure at the local, state, and federal level currently totals $41 billion per year—significantly below the minimum annual need. Without additional investment, only one-third of capital needs will be funded over the next ten years, representing an annual funding gap of $82 billion per year. If current needs are left unaddressed, the annual gap is projected to rise to $109 billion by 2026 and $153 billion by 2040, as needs from prior years accumulate (see Figure 2).

The US needs to invest a total of **$123 billion per year** in water infrastructure over the next 10 years (in current 2016 dollars) to achieve a good state of repair.

Figure 1

Regional Distribution of Capital Needs



Census Region	Share of Capital Needs
Midwest	23%
Northeast	20%
South	34%
West	23%
US Total	**100%**

Sources:

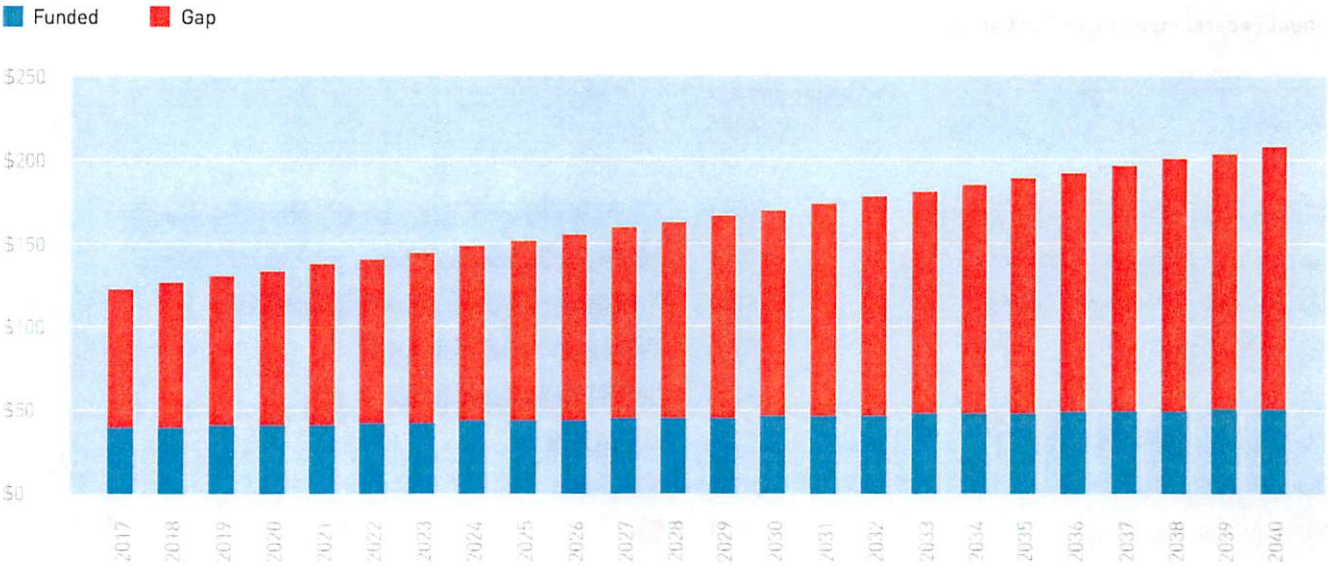
American Society of Civil Engineers. 2016. *Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future.*

Environmental Protection Agency. 2016. *Clean Watershed Needs Survey 2012: Report to Congress.*

Environmental Protection Agency. 2013. *Drinking Water Infrastructure Needs Survey and Assessment: Fifth Report to Congress.*

Figure 2

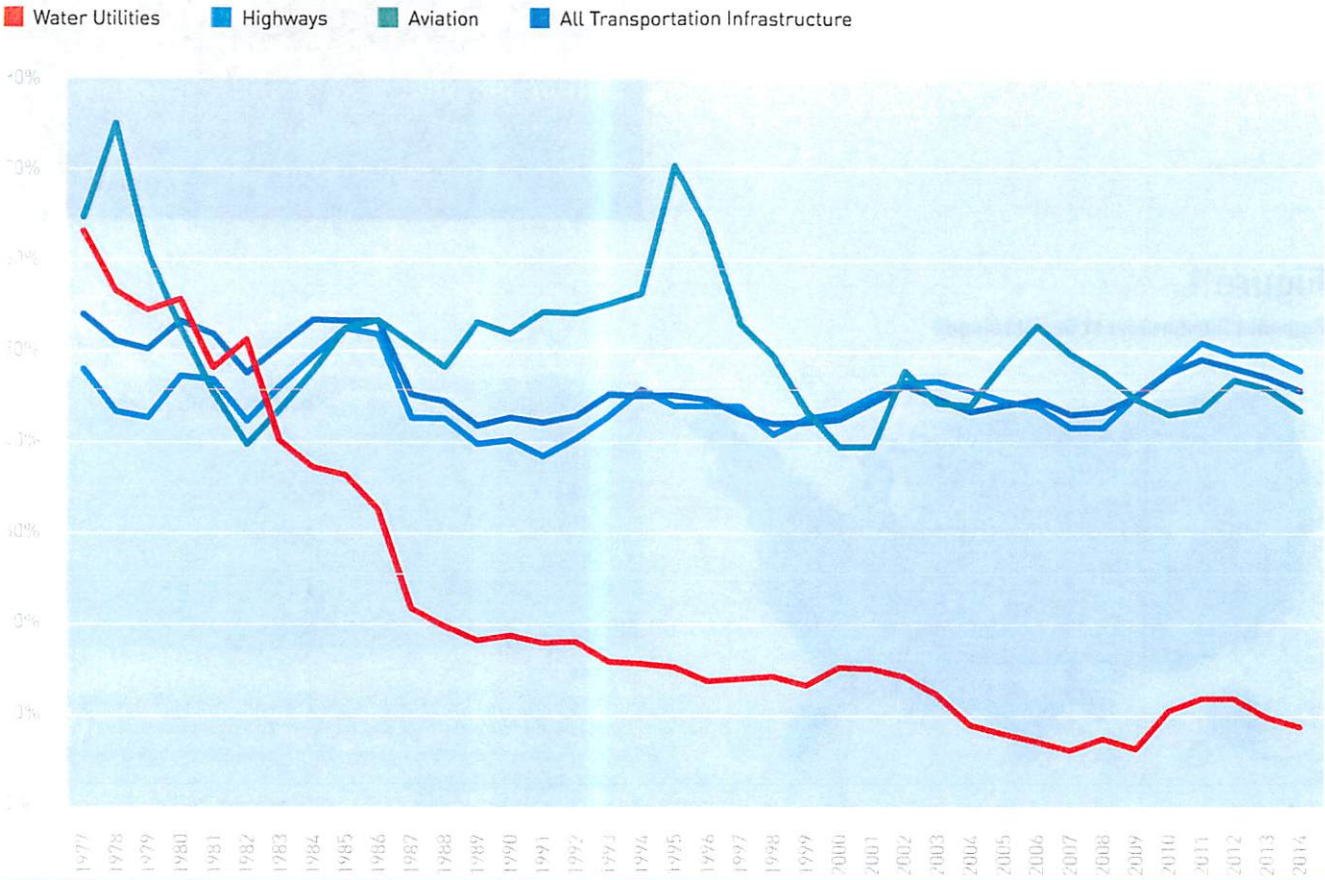
Projected Growth in Water and Wastewater Investment Gap If Current Investment Trends Continue (in $Billions)



Needs expressed in constant 2016 dollars. Source: ASCE 2016, BLS 2016.

Figure 3

Federal Contribution to Total Infrastructure Spending



Source: CBO 2016

Figure 4

Annual Federal Investment Per Capita

Recipient	Per Capita Federal Investment
IT Infrastructure (Federal Departments)	$251
Research & Development—Defense	$245
Research & Development—Civilan	$208
Higher Education Grants	$143
Highways	$136
Other Transportation Infrastructure	$55
Energy Infrastructure	$46
Water Infrastructure	$11

Values expressed in 2012 dollars. Source: CBO 2015, CBO 2013, AO 2016

The decline in federal investment

Meeting the water infrastructure gap requires greater investment at the local, state, and federal levels. The federal government was instrumental in the development of water infrastructure over the previous century. As the country assesses its 21st century water infrastructure demands, there is a need for meaningful federal investment.

Despite rising capital needs, the federal government's contribution to water infrastructure capital spending has fallen over the past 30 years from 63 percent of total capital spending in 1977 to nine percent of total capital spending in 2014. In terms of per capita spending on water infrastructure, federal spending has fallen from $76 per person in 1977 to $11 per person in 2014 (2014 dollars; CBO 2015). In contrast, over the same time period, the federal government's share of total public spending on transportation infrastructure (including highways, mass transit, and aviation) has stayed constant at approximately half of total capital spending, with the remainder coming from state and local sources (see Figure 3) (CBO 2015).

Today, the federal government dedicates far fewer resources to water infrastructure than it spends on a broad range of priorities, from research and development, to highways, to grants for higher education (see Figure 4). For example, the federal government spends approximately 24 times more upgrading and maintaining the information technology (IT) infrastructure of federal agencies than it does repairing the nation's water systems.

As federal support for water infrastructure has declined, local and state spending has increased to help meet capital needs. Per capita spending by local communities has more than doubled in real terms from $45 in 1977 to upwards of $100 per person in 2014 (2014 dollars). Despite increased contributions from water ratepayers, this report shows that funding for water infrastructure continues to fall far below capital needs. The following sections of this report highlight the economic benefits that can be achieved if all levels of government, along with the private sector, work together to close the funding gap.

Water infrastructure failures across the country—including water main breaks, flooding from overwhelmed stormwater systems, and damaged dam spillways—demonstrate the urgent need to reinvest.

The aggregate economic activity supported by water investments exceeds the **GDP of twenty-six states.**

Employment opportunities in water infrastructure sectors are stable, well-paying positions providing average wages above the national average.

The US economy would stand to gain **over $220 billion in annual economic activity** by meeting its water infrastructure needs.

Aggregate economic impact: $220 billion in annual economic activity and 1.3 million jobs

By closing the annual investment gap in water infrastructure, the national economy would stand to gain over $220 billion in annual economic activity and approximately 1.3 million jobs per year. The aggregate economic impact is comprised of the direct impact on the water infrastructure sector, as well as indirect and induced impacts that are generated by successive rounds of spending on goods and services in other sectors. By meeting the gap, the US economy stands to gain a total of $2.22 trillion in additional economic activity over the next 10 years.

The number of jobs supported annually by funding the water infrastructure gap is greater than the employed workforce in sixteen states including Mississippi (1.22 million), Nebraska (980,000), and New Hampshire (730,000). The aggregate economic activity supported by these investments exceeds the GDP of 26 states including Oregon ($217.6 billion), South Carolina ($201.0 billion), and Alabama ($199.7 billion).

Direct economic and employment impacts

Investment in water infrastructure creates economic opportunities for businesses directly involved in the design, engineering, and construction of water infrastructure. These establishments would directly support $82 billion in annual economic activity and approximately 500,000 jobs (see Figure 5). Employment opportunities in water infrastructure sectors are stable, well-paying positions providing an average wage of $63,000 per year—approximately 20 percent above the national average. Employment gains would be concentrated in construction-related occupations, many of which can be accessed with a high school diploma (IMPLAN 2015; AECOM 2014).

Indirect and induced economic impacts

Investment in water infrastructure generates additional economic benefits through spending by directly impacted firms and their employees. For example, construction businesses play a major role in the repair and replacement of water infrastructure. These businesses purchase machinery and equipment from manufacturers, which in turn demand primary materials from other suppliers. Concurrently, employees of these businesses purchase personal goods and services in retail, medical, and other sectors. In this way, the initial investment in water infrastructure "ripples" throughout the economy due to spending by interrelated industries (the "indirect effect") and employees (the "induced effect"). The indirect and induced effects of closing the water infrastructure gap would add $140 billion to national economic activity, and generate and sustain an additional 760,000 jobs over the ten-year period (see Figure 5).

Economic multiplier of meeting the investment gap

The aggregate employment impact per $1 million investment in water infrastructure is comparable to public investments in energy, health care, and transportation, and is greater than the impact generated by military spending and personal income tax cuts, as estimated by economic impact studies of these sectors. For every $1 million invested in water infrastructure, it is estimated that **upwards of fifteen jobs are generated** throughout the economy. Six direct jobs are generated to support the design and construction of water infrastructure, and nine additional jobs are sustained by the indirect and induced spending triggered by the original investment (see Figure 6 and Figure 7).

Figure 5

Economic Impact of Funding the Water Infrastructure Gap

	Aggregate Impact	Direct Impact	Indirect & Induced Impact
Annual Impact			
Employment	1.26 million jobs/year	500,000 jobs/year	760,000 jobs/year
Labor Income	$75 billion/year	$32 billion/year	$43 billion/year
Output	$222 billion/year	$82 billion/year	$140 billion/year
Cumulative Impact (10 Years)			
Labor Income	$750 billion	$320 billion	$430 billion
Output	$2,220 billion	$820 billion	$1,400 billion

Impacts expressed in constant 2016 dollars. Source: IMPLAN 2015

Figure 6

Jobs per $1 Million by Sector and Expenditure Type

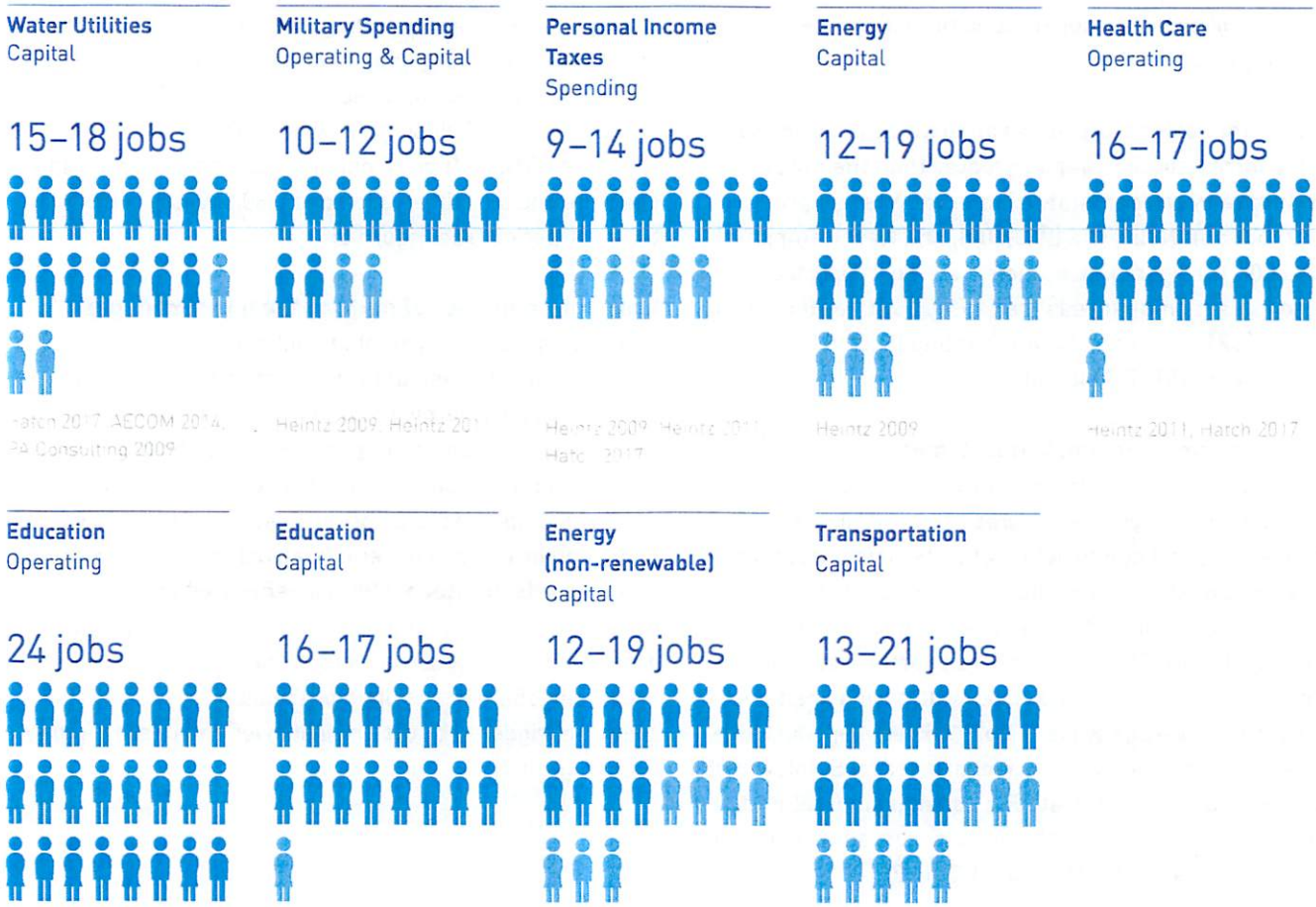
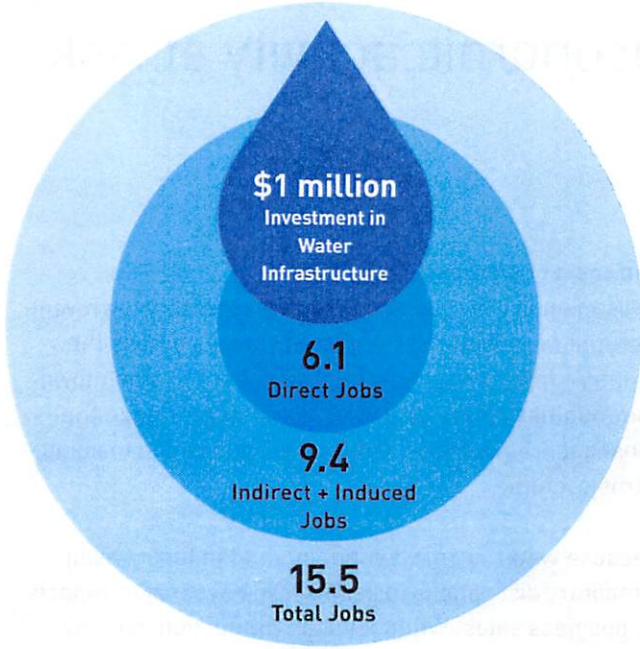


Figure 7

Ripple Effect of Water Investment

	Jobs per $1 million
Direct Jobs	6.1
Indirect + Induced Jobs	9.4
Total Jobs	15.5

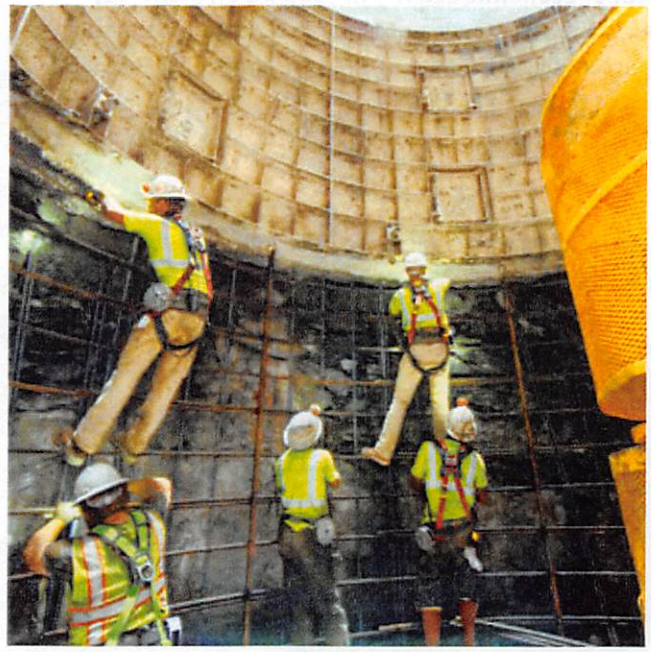
Impacts expressed in constant 2016 dollars. Source: IMPLAN 2015



The number of jobs supported annually by funding the water infrastructure gap is greater than the **employed workforce in sixteen states.**

Reverse osmosis membranes at the Carlsbad Desalination Plant, which supported thousands of local jobs and infused $350 million into the local economy during the three-year construction.

Atlanta Department of Watershed Protection estimates creating 5,775 jobs over the course of the $350 million water supply capital program.



A Day Without Water:

Service disruptions put **$43.5 billion** in daily economic activity at risk.

The costs of service disruption

Investment in water infrastructure is necessary to prevent disruptions in water service. Many places across the country—from large metropolitan centers to small town communities—have already begun to experience the consequences of major service disruptions due to aging infrastructure.

Because water is an essential input to industry, even temporary disruptions in service can have major impacts on business sales. Without water, production in many industries virtually grinds to a halt. Empirical investigations have measured the effects of temporary service disruptions on business sales in impacted communities (FEMA 2011, Aubuchon 2012). For every day of water service disruption, the average US business loses $230 in sales *per employee*. In industries most reliant on water, sales drop by up to 75 percent, or up to $5,800 per employee. At a national level, a one-day disruption in water service represents an aggregate daily loss of $43.5 billion in sales and $22.5 billion in GDP. **To put this level of economic activity in context, an eight-day national disruption in water service would amount to a 1 percent loss in annual GDP—putting roughly 1.9 million jobs at risk** (see Figure 8).

Industries that depend most on water infrastructure

Businesses receive reliable, clean, and relatively affordable water and wastewater services. This enables businesses to produce goods and services with water as an essential input. This study identifies commercial and industrial business categories that depend most on water and wastewater utilities, by comparing water use and business sales. These findings show that water-dependent businesses represent a broad range of sectors from universities, to hotels and restaurants, to pharmaceutical manufacturers (see Figure 9).

Put simply, water-dependent businesses are those that rely most on the services of water utilities to grow their business. For example, water utilities deliver an estimated 182 million gallons per day to hotels across the country for laundry, food service, and guest use. For every $1,000 in sales to the hotel industry, water utilities must deliver 4,700 gallons of water. For pharmaceutical manufacturers, water acts a critical raw input and solvent in the production process. For every manufacturing job added by the pharmaceutical industry, water utilities must deliver approximately 473,000 gallons of water. Given that water-dependent businesses such as these exchange goods and services with the larger economy, all sectors ultimately benefit from investments in water system efficiency and reliability.

Without reliable infrastructure to deliver water or remove wastewater, production in many industries would essentially grind to a halt.

At a national level, a one-day disruption in water service represents an aggregate daily loss of **$43.5 billion in sales and $22.5 billion in GDP**.

Figure 8

Economic Benefits of Water and Wastewater Service Reliability

	Savings Per Day of Avoided Service Disruption	
Impacts to Business	**Aggregate National ($BN)**	**Per Employee**
Sales Saved	$43.5 billion per day	$230 per day
GDP Saved	$22.5 billion per day	$120 per day
Days to 1% GDP Savings	8 days; 1.9 million jobs protected	

Values expressed in 2016 dollars. Source: IMPLAN 2015, FEMA 2011, Aubuchon 2012, Chang 2002.

Figure 9

Industries Most Dependent on Water Utilities

Industry	Gallons /$1000 sales	Gallons /Job
Junior colleges, colleges, universities, and professional schools	4,700	563,600
Other basic organic chemical manufacturing	1,100	2,116,500
Dry-cleaning and laundry services	700	48,300
Car washes	600	33,700
Wineries	400	141,600
Hotels and motels, including casino hotels	400	48,300
Paper mills	300	284,200
Breweries	300	328,000
All other food manufacturing	300	111,300
Plastics material and resin manufacturing	300	505,300
Full-service restaurants	300	14,100
Other aircraft parts and auxiliary equipment manufacturing	300	90,200
Metal coating and nonprecious engraving	300	71,100
Other concrete product manufacturing	300	59,900
Pharmaceutical preparation manufacturing	300	473,200

Source: IMPLAN 2015, USGS 2014.

Keeping water infrastructure in a good state of repair supports **$94 billion in annual productivity savings.**

The value of water service to business productivity

While water infrastructure provides broad economic benefits realized simply through the opportunities created by major capital investments, this does not account for the significant benefits to the customers of water systems and utilities—specifically, business productivity.

A centralized water delivery and treatment service allows businesses to connect to the system rather than building the infrastructure themselves. Without economies of scale, each business and household would have to independently source, clean, and treat their individual water use. These drinking water and wastewater services can be easily scaled as local household and business demand changes, rather than each individual attempting to scale their water and wastewater needs independently. The efficiency realized from a utility-scale drinking water and wastewater systems creates more productive local economies.

Productivity saved by closing the water infrastructure gap: $94 billion per year

If the water infrastructure gap is not addressed, industries and households are projected to experience higher costs to procure water and wastewater services. Costs may take the form of higher water rates, costs of self-supply, or costs of relocating to better-served areas. Meeting the funding gap would have a positive impact on the overall economy by avoiding these costs, allowing businesses to control their production costs and households to retain their spending power. Due to these effects on productivity and consumer demand, funding the water infrastructure gap would preserve $94 billion per year in business sales and 505,000 jobs over the next ten years (see Figure 10). The estimated productivity savings to businesses, and their associated economic impact, are based on the analysis prepared by ASCE in "Failure to Act: Closing the Infrastructure Investment Gap" (2016).

Additional economic benefits not quantified in this study

This study focuses on water infrastructure's contributions to the economy through construction spending and the provision of reliable water service to businesses. There are many other ways that water infrastructure benefits our society that have not been quantified in this analysis. By preventing contamination of natural water bodies, water infrastructure provides a valuable service to recreational industries that depend on our nation's waterways. The recreational boating and fishing industry alone is responsible for upwards of $70 billion in spending per year and employs over 150,000 people (EPA 2012). Water infrastructure has played an instrumental role in reducing the incidence of water-borne illness in the US. It has been estimated that the cost of a single disease outbreak associated with inadequately treated water exceeds $100 million in medical costs (Corso 2003).

If the water infrastructure gap is not addressed, costs to industries would total approximately **$28 billion per year**.

Figure 10

Annual Productivity Savings by Closing Water Infrastructure Gap

Business Sales Saved

	Annual Impacts*
2017–2026	**$94 billion/year**
2027–2040	**$402 billion/year**

Source: ASCE 2016. ASCE figures adjusted for inflation and to reflect 2017–2040 time period

Jobs Saved

	Annual Impacts*
2017–2026	**505,000 jobs** (2026)
2027–2040	**956,000 jobs** (2040)

*Business sales reflect annual averages. Jobs reflect jobs preserved by 2026 and 2040 respectively

Renewed investment in water infrastructure at the local, state, and federal level will foster a stronger economy, create jobs, and ensure economic competitiveness.

Renewed investment in water infrastructure from the local, state, and federal level fosters a stronger economy, creates jobs, and ensures American competitiveness—now, and for the future.

Conclusion

Water infrastructure is fundamental to our nation's economic health. By keeping water infrastructure in a state of good repair, we strengthen our economy. As this study shows, investments in water infrastructure generate high-quality jobs, increase the competitiveness of American businesses, and lead to a significant injection of economic activity throughout the nation. Over the long term, all sectors stand to benefit from improvements to the reliability and efficiency of water systems. By meeting the gap, the US economy stands to gain a total of $2,220 billion in additional economic activity over the next 10 years.

Investments in water systems during the prior century helped to drive economic growth, improve public health, and protect the nation's waterways. As infrastructure ages and capital needs escalate, we must uphold our commitment to the nation's water infrastructure. Meeting the investment need requires collaboration across public and private sectors, including strong partners at the local, state, and federal level. The funding gap is significant, but the benefits of filling the gap are far greater.

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This report, along with the technical appendix, can be found at TheValueofWater.org/resources

Acknowledgements

The Value of Water Campaign would like to thank Alexander Quinn, Kevin Feeney, and Humberto Castro with Hatch Urban Solutions for conducting this analysis and preparing this report.

We are grateful to several Value of Water Campaign supporters who provided their expert review of the document, including: Richard Barnes, American Water; Paul Demit, MWH Global—now part of Stantec; Steve Dye, Water Environment Federation; Ted Henifin, Hampton Roads Sanitation District; Lori Irvine, CH2M; Greg Kail, American Water Works Association; Vincent Morris, DC Water; and Jean Smith, Northeast Ohio Regional Sewer Department.

A special thank you to US Water Alliance staff Danielle Mayorga for managing the development of this report, as well as to Emily Feenstra and Abigail Gardner for their contributions to this project.

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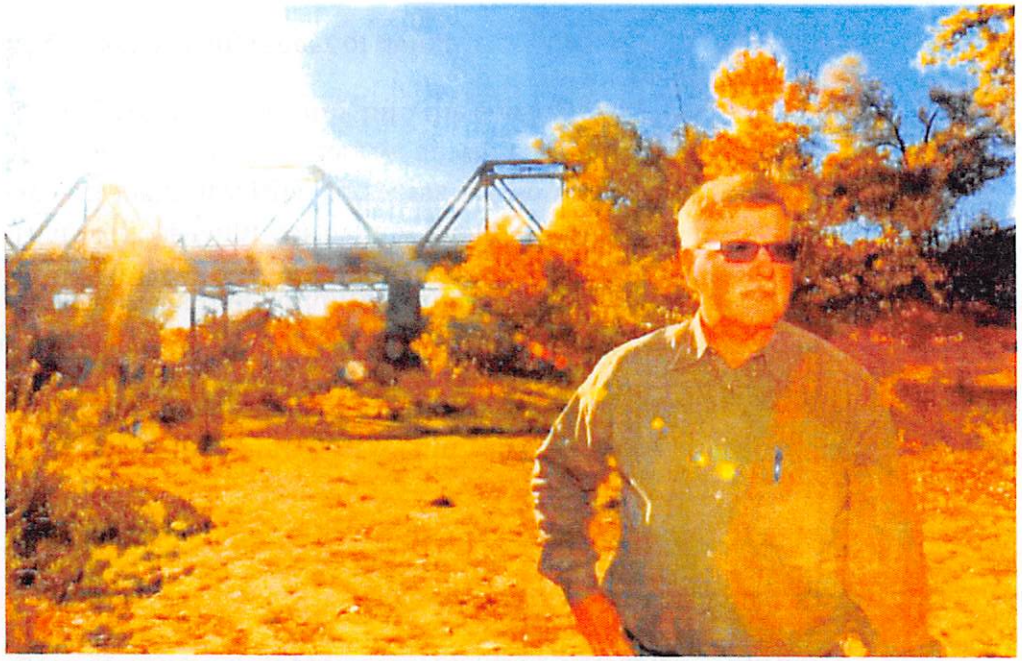
YOLO COUNTY NEWS



Putah Creek streamkeeper Rich Marovich oversees restoration of the creek. Fred Gladdis/Enterprise file photo

Local News

Soup's On to support the work of the Putah Creek Council

By Anne Ternus-Bellamy

What: 15th annual "Soup's On," this year benefitting the Putah Creek Council
When: Thursday, Jan. 24, from 6 to 8 p.m.
Where: St. James Church, 1275 B St.
Suggested donation: $30 per person; $15 for students; free for children under 10 (Childcare will be provided). Tickets are available at the door.

The fight began with a creek gone dry, resulted in an historic water accord reached in court and lives on today in the work of a small non-profit and its many dedicated volunteers.

That, in a nutshell, is the story of the Putah Creek Council, an offshoot of the Yolo Audubon Society and this year's beneficiary of Soup's On, an annual benefit organized by Yolo County Supervisor Don Saylor of Davis to raise funds for a local non-profit.

In selecting the Putah Creek Council as the Soup's On beneficiary, Saylor chose a small but mighty agency that provides education, advocacy and community-driven stewardship to continue the work of saving a beloved creek endangered over many years by mining and water diversions.

Located in a small building in downtown Winters, the council's work is felt far beyond the creek's borders.

That work began in 1989 when the lower six miles of Putah Creek, from just downstream of Winters to the Yolo Bypass, went dry. Lake Berryessa was low and getting lower after years of drought and there were no plans to release more water into the creek. Meanwhile, urban and agricultural pumping had lowered the water table, so no groundwater was seeping into the creek.

The creek was in danger of dying.

That's when the Putah Creek Council stepped in to ensure the creek would remain a living stream with water year-round.

When negotiations with the Solano County Water Agency and others went nowhere, the council, joined by the city of Davis and UC Davis, went to court.

On May 23, 2000, the Putah Creek Accord was signed, guaranteeing permanent surface water flows for the 23 miles of Putah Creek below the Putah Creek Diversion Dam.

Putah Creek was a dumping ground in the years before the Putah Creek Council began clean up and

The accord requires scheduled water flows — increased in fall for salmon and steelhead trout migrating upstream and in spring for spring-spawning native fish and salmon and steelhead migrating out.

restoration efforts. Peter Moyle/Courtesy photo

The accord also provided permanent funding to restore and monitor the creek and a streamkeeper to watch over the work.

Nearly 19 years later, it is the council and Streamkeeper Rich Marovich who continue the work of restoring a creek bed once ravaged by gravel mining, diverted water flows and flood control, to a riparian habitat with thriving trout and salmon populations.

Kent Anderson, who serves as the council's executive director, says the Putah Creek Council operates in three silos: education, advocacy and stewardship.

It is the education component, Anderson said, that Saylor wants to increase via Soup's On funding, particularly an educational program focused on Yolo County school children.

The council's educational efforts — for both children and adults — focuses on the importance of a healthy creek and how a healthy ecosystem with native plants filters water, reduces carbon, attracts beneficial insects and wildlife and more.

"It's a living being," Anderson said of the creek. "Every year it changes its course, moves plants and gravel around."

Children learn that and take what they learned home to their parents, along with the message that while you may not fish in or regularly run along the creek, if you live in the area, you're reaping the benefits, Anderson said.

The council's work extends beyond education, of course.

Anderson and Marovich are particularly proud of the work done at the council's nursery just outside Davis, where native and watershed plants are collected and propagated, then provided to restoration projects in the region.

A constant battle in Putah Creek has been eradicating non-native invasive species which are then replaced with native plants, helped along by the nursery.

"It gives those native plants a leg up in replicating," Anderson said.

Putah Creek's nursery also has provided plants to prevent erosion in the area of the Camp Fire and previously provided more than 100 oak trees for planting in the area of the Napa fires, Anderson said.

Some of the council's recent work can be seen at the nature park in Winters, where non-native plants have been removed and replace by native plants. The council has also received funds to create interpretative signage in the park.

And twice a year, the council hosts creek "clean up days," the biggest one in September and a smaller one in the Spring.

Putah Creek marks the boundary between Yolo and Solano counties. Elizabeth Case/Enterprise file graphic

Clean-up days feature as many as one hundred volunteers turning out to clean up trash in and along the creek. They don't just pick up the trash either, Anderson said; they keep track of and log what they're finding.

The events are popular with volunteers of all ages, Anderson said, and serve as a great entry point for folks interested in finding a way to participate with the council's work.

"It's a good one-time activity," he noted, and a very fulfilling one: At the end of the day, participants can see what they've accomplished.

The council, in turn, can see what it has accomplished over the years.

"Back when the Putah Creek Council started, you could put a huge group in the creek and never get everything out," Anderson said.

There would be automobiles, farm equipment and much more simply dumped in the creek.

"Now it's spray paint cans, cigarette butts, garbage," Anderson said. "But we're not seeing a lot of big things anymore.

"It's not as bad as it used to be."

And one of the reasons it's not so bad, he said, is the consciousness raised thanks to the council's efforts... "a consciousness in society that dumping your old car or lawn mower in the creek" is not a good thing.

The council's stewardship and education components are largely integrated that way, using one to promote the other.

Key things residents need to know include the impact of a healthy riparian ecosystem on both flood and fire control.

Removing invasive species helps with both, Marovich said.

"Wildfires are much more severe in areas that are overrun with invasive species," he said. And the build up of invasive thatch increases flooding issues.

"It's a multi-year battle to get rid of these weeds (but) we're on a path to get rid of it," he said.

Benefits accrue further with the presence of more aquatic insects, which feed nesting birds.

"We've come to focus on the form and function of the creek," Marovich said. "If it's out of natural form, it's out of natural function."

And he compared it to a compound fracture — not likely to heal on its own.

"Putah Creek will always have to be managed," Marovich said, and there always will be more to learn.

"Restoration science is very new. We have to try things to observe the effect. We're constantly trying new things."

"It's very humbling to do this work," he added.

The majority of the council's funding comes through grants and contracts, and most of those through the Solano County Water Agency — a former foe that's now a partner and supporter of the council's work.

The council, Anderson noted, is built to do the things the water agency is legally required to do under that historic accord.

But the work also benefits the water agency, he noted, because if people aren't polluting the water, it helps the water agency. Additionally, the more people know about protecting watersheds, the better.

To that end, the water agency supports Putah Creek Council's education efforts, including by supporting a water ways program that soon will reach all fourth and fifth graders in Solano County.

Those children, in turn, will take what they learn home, educating their families, Anderson noted.

The council also relies on charitable donations, and the funds raised by Soup's On will go toward an educational program similar to that in Solano County that will be brought to students in Yolo County, Anderson said.

The 15th annual Soup's On runs from 6 to 8 p.m. at St. James Church, 1275 B St., on Thursday, Jan. 24.

The evening features live music from Bonanza King, beer from Sudwerk Brewery, salad and cookies from Raley's and bread from the Upper Crust Bakery Company. Soups will be provided by Dos Coyotes, Buckhorn Steakhouse, Crepeville, Savory Cafe Restaurant, Nugget Markets, and others. For more information or to help sponsor the event, contact Saylor at donsaylor.soupson@gmail.com.

— Reach Anne Ternus-Bellamy at aternus@davisenterprise.net. Follow her on Twitter at @ATernusBellamy.

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VACAVILLE MAGAZINE JAN/FEB 2019

Conserve Water This Winter

by: Andy Florendo

photo by Gardensoft

Winter is the perfect time to focus on home improvement projects, and Solano County Water Agency (SCWA) has some handy suggestions and money-saving rebates that can help both conserve water and make life a little easier.

One of the first things people can do is request a Residential Water Survey, a free service offered in partnership with local water utilities such as the City of Vacaville. Performed by our trained water efficiency professionals, a Residential Water Survey is an at-home consultation designed to help residents find problems such as leaks (which can go for months without being noticed), opportunities to upgrade older fixtures and appliances to more efficient models and available rebates. Surveys typically take less than an hour.

Indoors, we'll check appliances and fixtures for water leaks and measure the flow rate of faucets and showerheads to see if it's time for an upgrade. Outside, we'll check your sprinkler system for leaks and broken sprinkler heads, check water pressure and look for other problems, as well as create a custom watering schedule. Before we leave, we'll share our findings and recommendations with you, help program your sprinkler timer (if requested) and talk about rebate opportunities.

Another upgrade to consider is a weather-based irrigation controller. These act like a thermostat for your sprinklers, turning water on and off based upon weather conditions, soil type, sun exposure and plant type. It's estimated that replacing a standard clock timer with a WaterSense-labeled sprinkler timer can save an average home over 8,000 gallons of water per year. As an added bonus, SCWA is offering rebates from $300 to $1,000 to help offset costs for qualifying controllers.

In addition to irrigation controller rebates, residents can receive money back on a whole suite of products designed to capture rainwater, ensure sprinklers are turned off during rain, reduce evaporation in pools, avoid water waste indoors and reuse water outdoors. Products include rain barrels, rain sensors, pool covers, hot water recirculating systems and laundry-to-landscape system components. Rebates cover the cost of the product up to $50 per product category, which means customers could receive up to $250 in cash back if you decide to purchase the entire suite.

Finally, as we look ahead to the warmer weather of spring, it's not too early to start planning a new water-wise landscape full of beautiful, climate-appropriate plants. SCWA has rebates to replace tired, thirsty lawn with water-efficient landscaping. Residents can receive at $1 per square foot (up to $1,000 total).

More information about all of the rebates available, as well as the Residential Water Use Survey, is available online at solanosaveswater.org or by calling 707-410-5469. ■

Andy Florendo is the Water Conservation Coordinator for Solano County Water Agency.

ADVISORY COMMISSION UPDATES

Solano Water Advisory Commission
Meeting Minutes
December 5, 2018

Present: Roland Sanford, Thomas Pate and Alex Rabidoux, SCWA; Felix Riesenberg, Fairfield; Curtis Paxton, Steve Sawyer and Justen Cole, Vacaville; William Tarbox and Leo Larkin, Benicia; Beth Schoenberger, Stuart Cole and Melissa Cansdale, Vallejo; Cary Keaten, SID; Misty Kaltreider, Solano County; Taylon Sorter, FSSD; Mike Hardesty.

The meeting was called to order at 12:32 PM.

1. Approval of Minutes
The minutes of the October 24, 2018 meeting were approved.

2. SCWA General Manager's Report
On the Water Supply-Demand Analysis there will be some overlap with the Groundwater Sustainability Plan (GSP). However, the Water Supply-Demand Analysis will need to cover the entire county including areas like Suisun and Green Valley, which will not be part of the GSP. For the Ulatis Channels Working Group, the Water Agency is updating the fish and wildlife surveys for the Ulatis Project. The Agency is also partnering with UC Davis to monitor fringe locations in the Delta like Ulatis, as there is a lot of scientific interest in local watershed influences. For the SCWA Board Meeting, the finalized Flood Policy will be on the agenda for adoption.

On NBA water exchanges, the Dudley Ridge transaction is complete and the Santa Clara Valley Water District exchange is expected to be completed by the end of December. Rick Wood has taken an initial look at the Water Exchange Policy. The Commission will need to put together a white paper that addresses out of County exchanges for State Water Project water. The Water Agency is also looking at the value and potential lost revenue associated with and without NBA exchanges. The cities that have NBA water are very interested in fully utilizing their supply, to help support and fund their local water infrastructure. Roland would like to have the Water Exchange white paper completed by April. A workshop will be setup in January after the Advisory Commission meeting. For the NBA treatment analysis, Alex provided a brief summary of the NBA treatment memo, which summarized several older reports and provided future recommendations. The Commission felt that the direction was appropriate, and a draft Scope of Work will be sent out to the Commission for review in January.

On Bay Delta Planning issues and specifically the Bay Delta Water Quality Control Plan, the voluntary Central Valley Project settlement agreement with the SWRCB fell though. The Phase 1 requirements for the San Joaquin River tributaries will be on the SWRCB Agenda for December 12.

3. Groundwater Planning
Misty updated the Commission on SGMA activities. For the Solano Subbasin, the Yolo and Sacramento boundary modifications were approved, the North Delta Basin was not. The result will be a reduction in the Solano Subbasin by the Yolo and Sacramento County portions. DWR has not yet finalized Basin priority.

4. Solano County Report
   None

5. PSC/NBA Maintenance
   For the PSC, the annual canal cleanout is underway. Cary Keaten shared with the Commission that SID crews used a vacuum truck to pump out some of the canal waste with good success. For the NBA, the annual face-to-face meeting with DWR will be in mid-January.

6. Solano Water Authority Report
   None

7. Water Conservation
   None

8. Legislative/Initiative/Court Decision Issues Not Discussed Above
   Mike Hardesty informed the Commission that he will be attending 10-15 legislative meetings with ACWA. Mike requested that if the Commission has any concerns, he can share this with the lobbying group at ACWA.

9. New Business
   None

10. Public Comments
    None

The next meeting will be January 23, 2019 at 12:30 PM.

The meeting adjourned at 2:09 PM.

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **SCWA Fiscal Year 2017-2018 Audit**

RECOMMENDATION:

Accept Fiscal Year 2017-2018 audit.

FINANCIAL IMPACT:

None.

BACKGROUND:

The Water Agency's Fiscal Year 2017-2018 audit was performed by Mann, Urrutia, Nelson, CPAs & Associates, LLP, the results of which are summarized in the attached Independent Auditor's Report. In their report, Mann, Urrutia, Nelson, CPAs & Associates, LLP conclude that the Water Agency's financial statements for Fiscal Year 2017-2018 are free from material misstatement and are represented fairly in accordance with Generally Accepted Accounting Principles (GAAP).

The audit did however identify one deficiency: a total of $855,000 in grant receivables that as of June 30, 2018 had not yet been billed for reimbursement, including $650,000 from prior fiscal years. Since completion of the FY 2017-2018 audit all prior fiscal year grant receivables have been invoiced for reimbursement.

Recommended: _____
Roland Sanford, General Manager

☐ Approved as recommended ☐ Other (see below) ☐ Continued on next page

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Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

Solano County Water Agency

Financial Statements
And
Independent Auditor's Report
For the Year Ended
June 30, 2018

SOLANO COUNTY WATER AGENCY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Solano County Water Agency
Vacaville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major funds of the Solano County Water Agency (the "Agency") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Solano County Water Agency, as of June 30, 2018, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the Agency adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the Solano County Water Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solano County Water Agency's internal control over financial reporting and compliance.

Mann, Urrutia, Nelson CPA's

Sacramento, California
November 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOLANO COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The following discussion and analysis of the section of the Solano County Water Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ending June 30, 2018. This information is presented in conjunction with the audited financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $56,270,407 (net position). Of this amount, $20,253,097 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

- The Agency's total net position increased $6,597,235.

- At the close of the fiscal year, the Agency's governmental funds reported combined fund balances of $44,368,008, an increase of $6,529,048 in comparison with the prior year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The financial section of this report consists of four parts: Government-wide financial statements, fund financial statements, the notes to the financial statements, and required supplementary information.

The government-wide financial statements are prepared using the accrual basis of accounting. They present all the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Agency, with the difference reported as net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The fund financial statements are prepared using the modified accrual basis of accounting. They present the assets and liabilities of the Agency that are expected to be generated by or used for near-term inflows or outflows, with the difference reported as fund balance. Changes in fund balance are reported if they will have an effect on the near-term cash flow of the Agency.

The notes provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements.

The required supplementary information presents the Agency's progress in funding its obligations to provide pension and health benefit to its employees as well as the Agency's budgetary comparison schedules.

NET POSITION

The Statement of Net Position presents the financial position of the Agency on a full accrual basis and provides information about the nature and amount of resources and obligations at year-end. It also provides the basis for computing rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency.

The following Table A-1 summarizes the Statement of Net Position for the fiscal years ending June 30, 2018 and June 30, 2017 follows:

TABLE A-1
STATEMENT OF NET POSITION

	2018	2017
ASSETS		
Current and other assets	$ 46,177,346	$ 39,621,509
Noncurrent receivables	193,883	373,138
Capital assets	12,527,416	12,663,240
Total Assets	58,898,645	52,657,887
Deferred Outflows of Resources	2,189,063	553,278
LIABILITIES		
Current liabilities	1,895,187	1,863,528
Other liabilities	2,082,558	1,914,777
Total Liabilities	3,977,745	3,778,305
Deferred Inflows of Resources	56,068	72,142
NET POSITION		
Net investment in capital assets	12,527,416	12,663,240
Restricted	23,489,894	18,375,277
Unrestricted	20,253,097	18,322,201
Total Net Position	$ 56,270,407	$ 49,360,718

This table summarizes the net position of the Agency and reflects the net position increase of $6,909,689 to $56,270,407 in fiscal year 2018 from $49,360,718 in fiscal year 2017. The change in net position includes a prior period adjustment of $312,454 (increase to net position) as a result of implementing GASB Statement No. 75. Net investment in capital assets decreased $135,824, reflecting the net of assets additions and depreciation on capital assets. Approximately 22% of the Agency's net position reflects its investment in capital assets (e.g., land, building, machinery, and equipment). The Agency uses these capital assets to provide services to the Agency; consequently, these assets are not available for future spending. The restricted net position totals $23,489,894 at June 30, 2018 representing funds that are obligated to be spent within State Water Project, Ulatis, and Green Valley. The increase in restricted net position of $5,114,617 mainly consists of the revenues exceeding expenses in all of the funds. The unrestricted net position is a resource that can be used for transactions relating to the general operations of the Agency and increased by $1,930,896 primarily due to the revenues exceeding the expenditures in all of the funds.

CHANGES IN NET POSITION

The Statement of Net Position is a snapshot that shows assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at a specific point in time. The Statements of Activities provides information on the nature and source of these assets and liabilities represented on the Statement of Net Position. This statement shows that revenues exceeded expenses by $6,597,235 for fiscal year 2018.

The following Table A-2 summarizes the Statement of Activities for the fiscal years ending June 30, 2018 and June 30, 2017:

TABLE A-2
STATEMENT OF ACTIVITIES

	2018	2017
REVENUES		
Program Revenues		
Charges for services	$ 2,919,415	$ 2,949,358
Operating grants and contributions	1,104,179	1,043,419
General Revenues		
Property taxes	25,607,346	22,454,976
Investment earnings	415,234	205,753
Other	53,590	-
Total Revenue	30,099,764	26,653,506
EXPENSES		
Solano Project	9,990,085	8,791,655
State Water Project	12,619,932	13,059,922
Ulatis Flood Control	845,659	749,195
Green Valley Flood Control	46,853	38,131
Total Expenses	23,502,529	22,638,903
Change in net position	6,597,235	4,014,603
Net position - beginning	49,360,718	45,346,115
Prior period restatement	312,454	-
Net position - beginning, restated	49,673,172	45,346,115
Net position - ending	$ 56,270,407	$ 49,360,718

Ending net position totaled $56,270,407 at June 30, 2018, or an increase in net position of $6,909,689 or 14% from June 30, 2017. Total revenues increased by $3,446,258 or 13% during the fiscal year 2018 compared to 2017, totaling $30,099,764. Property tax revenue increased in fiscal year 2018 compared to 2017 by $3,152,370 or 14%. Grant revenues increased by $60,760 or 6% from June 30, 2017. Total expenditures increased by $863,626 or 4% to $23,502,529 in 2018. The Solano Project expenses increased by $1,198,430 from 2017 to 2018 primarily due to postponement of PSC upgrades and several other rehab projects. There have also been delays with the Dixon Flood Management project, HCP EIRS/EIS, and the PGE Easement project. The State Water Project expenses decreased by $439,990 from 2017 to 2018 primarily due to delayed implementation of the Yolo Bypass Management Program, as well as temporary suspension of the North Bay Aqueduct (NBA) Alternative Intake Project, and the NBA Reliability Project.

CAPITAL ASSETS

The Agency's capital assets, net of accumulated depreciation, consist mainly of ground monitoring wells and improvements (such as the Cement Hill Bypass) and other capital projects. The Agency continues to add new water monitoring equipment and field equipment as part of its water supply and flood control operations. In addition, SCWA invested in a Watercraft Decontamination Unit for the Lake Berryesa Quagga Mussel Control Program, new field vehicles, tree planter and D7 bulldozer for Lower Putah Creek restoration projects, 4x4 utility sprayer for the Ulatis Flood Control Project, and an additional Barker Slough Pumping Plant automated water quality monitoring station.

TABLE A-3
CAPITAL ASSETS

	2018	2017
Cement Hill Bypass land	$ 7,063,469	$ 7,063,469
Buildings	1,661,323	1,661,323
Cement Hill Bypass land improvements	2,535,494	2,535,494
Water monitoring equipment	2,204,109	2,164,101
Machinery and field equipment	2,392,306	2,130,175
Furniture, fixtures, and office equipment	217,439	217,439
Subtotal	16,074,140	15,772,001
Less accumulated depreciation	(3,546,724)	(3,108,761)
Total net capital assets	$ 12,527,416	$ 12,663,240

Additional information about the Agency's capital assets can be found in Note 5 in the Notes to the Basic Financial Statements.

FINANCIAL ANALYSIS OF AGENCY FUNDS

The following Table A-4 summarizes the changes in fund balances for the governmental funds:

TABLE A-4
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	Total
REVENUES					
Property taxes	$ 9,566,656	$ 14,468,386	$ 1,444,607	$ 127,697	$ 25,607,346
Charges for services	527,646	2,368,953	22,816	-	2,919,415
Investment earnings	219,270	134,905	59,451	1,608	415,234
Grant revenues	1,104,179	-	-	-	1,104,179
Other income	208,864	17,240	6,741	-	232,845
Total Revenues	11,626,615	16,989,484	1,533,615	129,305	30,279,019
EXPENDITURES					
Water purchase	141,476	11,115,387	-	-	11,256,863
Operations and maintenance	4,055,230	189,724	554,269	29,986	4,829,209
Administration and general	3,256,010	1,059,460	190,041	18,470	4,523,981
Conservation and flood control	939,313	276,271	-	-	1,215,584
Engineering	1,565,206	56,989	-	-	1,622,195
Capital outlay	254,949	27,126	20,064	-	302,139
Total Expenditures	10,212,184	12,724,957	764,374	48,456	23,749,971
Net Change in Fund Balance	1,414,431	4,264,527	769,241	80,849	6,529,048
Fund balance, beginning	19,463,683	12,649,897	5,574,608	150,772	37,838,960
Fund balance, ending	$ 20,878,114	$ 16,914,424	$ 6,343,849	$ 231,621	$ 44,368,008

Solano Project - As of June 30, 2018, the Solano Project reported an ending fund balance of $20,878,114, an increase of $1,414,431 from 2017 ending fund balance primarily due to delayed acquisition of Habitat Conservation Easements and greater than anticipated property tax revenues.

State Water Project - As of June 30, 2018, the State Water Project reported ending fund balance of $16,914,424, an increase from 2017 of $4,264,527. This increase in fund balance is due primarily to delayed implementation of North Bay Aqueduct projects and studies, and higher than anticipated property tax revenues.

Ulatis Flood Control Zone 1 - As of June 30, 2018, the Ulatis Flood Control reported an ending fund balance of $6,343,849, an increase of $769,241 from 2017. Actual property tax revenues exceeded planned expenditures.

Green Valley Flood Control Zone 2 - As of June 30, 2018, the Green Valley Flood Control reported an ending fund balance of $231,621, an increase of $48,456 from 2017 due to postponement of maintenance projects and higher than expected property tax revenues.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During 2003, the Agency developed a Capital Project Funding Plan that forecasts capital project needs over a five-year horizon. There are a few major projects that have uncertainties regarding if and when they will be funded and at what level. The Capital Project Funding Plan, portions of which are scheduled for revision in 2018-2019 fiscal year, is helpful in budgeting capital projects.

Water rates charged by the Agency to cities, districts, and agencies are fixed by contract and do not change in relationship to the Agency's expenditures or revenues. Capital costs for the Solano Project has been paid off; therefore, Solano County Water Agency does not make payments to the United States Bureau of Reclamation for Solano Project water and, therefore, does not charge for Solano Project water supply for most of its contracting agencies.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances for the Solano County Water Agency. Questions concerning any information provided in this report or requests for additional information should be addressed to the General Manager, 810 Vaca Valley Parkway, Suite 203, Vacaville, CA 95688.

SOLANO COUNTY WATER AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 44,188,700
Accounts receivable (Note 3)	1,849,497
Prepaid expenses and other assets	139,149
Note receivable - noncurrent (Note 4)	193,883
Capital assets (Note 5)	
Nondepreciable capital assets	7,063,469
Depreciable capital assets, net of accumulated depreciation (Note 5)	5,463,947
Total capital assets	12,527,416
Total Assets	58,898,645
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to the net pension liability (Note 9)	1,405,575
Deferred outflows of resources related to the net OPEB liability (Note 10)	783,488
Total Deferred Outflows of Resources	2,189,063
LIABILITIES	
Accounts payable	1,237,623
Deposits	92,097
Unearned revenues	479,618
Compensated absences (Note 6)	
Due within one year	85,849
Due in more than one year	147,518
Other post employment benefits (Note 10)	
Due in more than one year	729,308
Net pension liability (Note 9)	
Due in more than one year	1,205,732
Total Liabilities	3,977,745
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to the net pension liability (Note 9)	56,068
Total Deferred Inflows of Resources	56,068
NET POSITION	
Net investment in capital assets	12,527,416
Restricted	23,489,894
Unrestricted	20,253,097
Total Net Position	$ 56,270,407

SOLANO COUNTY WATER AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT					
Governmental activities:					
Solano Project	$ 9,990,085	$ 527,646	$ 1,104,179	$ -	$ (8,358,260)
State Water Project	12,619,932	2,368,953	-	-	(10,250,979)
Ulatis Flood Control	845,659	22,816	-	-	(822,843)
Green Valley Flood Control	46,853	-	-	-	(46,853)
Total primary government	$ 23,502,529	$ 2,919,415	$ 1,104,179	$ -	$ (19,478,935)
	General revenues:				
	Property taxes				$ 25,607,346
	Investment earnings				415,234
	Other revenues				53,590
	Total general revenues				26,076,170
	Change in net position				6,597,235
	Net position - July 1, 2017				49,360,718
	Prior period restatement (Note 12)				312,454
	Net position - July 1, 2017, restated				49,673,172
	Net position - June 30, 2018				$ 56,270,407

SOLANO COUNTY WATER AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 19,968,258	$ 17,495,553	$ 6,490,681	$ 234,208	$ 44,188,700
Accounts receivable	1,822,311	27,186	-	-	1,849,497
Notes receivable	193,883	-	-	-	193,883
Other assets	139,149	-	-	-	139,149
Total Assets	$ 22,123,601	$ 17,522,739	$ 6,490,681	$ 234,208	$ 46,371,229
LIABILITIES					
Accounts payable	$ 910,389	$ 177,815	$ 146,832	$ 2,587	$ 1,237,623
Deposits	92,097	-	-	-	92,097
Unearned revenue	49,118	430,500	-	-	479,618
Total Liabilities	1,051,604	608,315	146,832	2,587	1,809,338
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	193,883	-	-	-	193,883
FUND BALANCES					
Nonspendable	247,685	-	-	-	247,685
Restricted	-	16,914,424	6,343,849	231,621	23,489,894
Assigned	3,165,000	-	-	-	3,165,000
Unassigned	17,465,429	-	-	-	17,465,429
Total Fund Balances	20,878,114	16,914,424	6,343,849	231,621	44,368,008
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 22,123,601	$ 17,522,739	$ 6,490,681	$ 234,208	$ 46,371,229

SOLANO COUNTY WATER AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances of governmental funds	$ 44,368,008
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of $3,546,724.	12,527,416
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and therefore are offset by deferred inflows of resources in the governmental funds.	
Deferred inflows of resources	193,883
Other long-term assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Pension contributions made subsequent to the measurement date	206,719
Deferred outflows related to changes in the net pension liability	415,368
OPEB contributions made subsequent to the measurement date	782,435
Deferred outflows related to changes in the net OPEB liability	1,053
Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.	
Compensated absences	(233,367)
Net OPEB liability	(729,308)
Net pension liability	(1,205,732)
Deferred inflows related to changes in the net pension liability	(56,068)
Net position of governmental activities	$ 56,270,407

SOLANO COUNTY WATER AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	Total Governmental Funds
REVENUES					
Property taxes	$ 9,566,656	$ 14,468,386	$ 1,444,607	$ 127,697	$ 25,607,346
Charges for services	527,646	2,368,953	22,816	-	2,919,415
Investment earnings	219,270	134,905	59,451	1,608	415,234
Intergovernmental	1,104,179	-	-	-	1,104,179
Other revenues	208,864	17,240	6,741	-	232,845
Total Revenues	11,626,615	16,989,484	1,533,615	129,305	30,279,019
EXPENDITURES					
Current:					
Water purchases	141,476	11,115,387	-	-	11,256,863
Operations and maintenance	4,055,230	189,724	554,269	29,986	4,829,209
Administration and general	3,256,010	1,059,460	190,041	18,470	4,523,981
Conservation and flood control	939,313	276,271	-	-	1,215,584
Engineering	1,565,206	56,989	-	-	1,622,195
Capital outlay	254,949	27,126	20,064	-	302,139
Total Expenditures	10,212,184	12,724,957	764,374	48,456	23,749,971
Net Change in Fund Balances	1,414,431	4,264,527	769,241	80,849	6,529,048
Fund Balances - July 1, 2017	19,463,683	12,649,897	5,574,608	150,772	37,838,960
Fund Balances - June 30, 2018	$ 20,878,114	$ 16,914,424	$ 6,343,849	$ 231,621	$ 44,368,008

SOLANO COUNTY WATER AGENCY
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	$ 6,529,048
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	302,139
Depreciation expense	(437,963)
Compensated absence expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	(30,979)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position.	
Loan program receipts	(179,255)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Other postemployment benefits	531,785
Amortization of pension costs and changes in the net pension liability	(117,540)
Change in net position of governmental activities	$ 6,597,235

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Solano County Water Agency (the Agency) was created in 1951 by an act of the California Legislature as the "Solano County Flood Control and Water Conservation District." In 1988, the legislative act was changed to modify the governing board and the name was changed to Solano County Water Agency in 1989. The governing board is made up of five members of the Solano County Board of Supervisors, the mayors from the seven cities in the county and three representatives from three agricultural irrigation districts. The Agency provides wholesale water services to cities, districts, and state agencies and lead efforts to protect rights to existing sources of water and participates in efforts to secure new sources of projects and is involved in countywide flood control planning. As required by accounting principles generally accepted in the United States of America, these financial statements present the Agency alone as the Agency has no component units, related organizations, or jointly governed organizations.

B. Basis of Presentation

The Agency's basic financial statements are prepared in conformity with accounting principals generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. Eliminations have been made to minimize the double counting of internal activities. The Agency's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Agency first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs. (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The accounts of the Agency are organized on the basis of funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditure/expenses. A fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Agency's funds, all of which are considered to be major governmental funds, are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The funds of the Agency are described below:

General Fund

Solano Project - This fund accounts for the Agency's water supply contract with the U.S. Bureau of Reclamation for the water supply provided by contract cities, districts, and State agencies. Property tax revenues are used to pay for operations, maintenance, rehabilitation, and betterment. Operations and maintenance are performed by contract with the Solano Irrigation District. Included in this fund are costs associated with a watermaster to monitor water use in the Upper Putah Creek Watershed and development of a Habitat Conservation Plan. Other functions include the flood control program and water conservation program.

Special Revenue Funds

State Water Project - This fund accounts for the Agency's water supply contract with the California Department of Water Resources for the repayment of construction, operations, and maintenance costs of the North Bay Aqueduct, and the contracts with member agencies for the purchase of this water.

Ulatis Flood Control - This fund accounts for the costs of operating and maintaining the Ulatis Flood Control Facilities, which were built by the Federal Soil Conservation Service. The Agency contracts with the Solano County Resource Management Department for the maintenance of this project.

Green Valley Flood Control - This fund accounts for the costs of operating and maintaining the Green Valley Flood Control Facilities, which were built by the U.S. Army Corps of Engineers. The Agency contracts with the Solano County Resource Management Department for the maintenance of this project.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Agency defines available to be within 90 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position is available to finance program expenditures. The Agency's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

D. Cash and Cash Equivalents

Cash and cash equivalents are defined as demand deposit account balances, pooled investments in the State of California Local Agency Investment Fund (LAIF), and money market funds with California Asset Management Program (CAMP).

E. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. No allowance for losses has been reflected at June 30, 2018 as management believes all receivables to be collectible. Major receivable balances for the governmental activities consist of grants. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are also recorded as deferred inflows of resources to indicate they do not represent current financial resources.

F. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Provision is made for depreciation using the straight-line method over the estimated useful lives of the assets, which range from five to forty years. It is the Agency's policy to capitalize all capital assets with an initial cost of more than $5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the statement of activities.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The Agency has assigned the useful lives listed below to capital assets:

Buildings and improvements	40 years
Land improvements	25 - 30 years
Water monitoring equipment	5 - 10 years
Machinery and field equipment	5 - 15 years
Furniture, fixtures, and office equipment	5 - 10 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Unearned Revenues

Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

H. Compensated Absences

The Agency's policy allows employees to accumulate earned but unused vacation and administrative leave which will be paid to employees upon separation of service from the Agency. The policy also allows employees to receive payment for one-half of their accumulated sick leave upon retirement. Vested or accumulated vacation and sick leave are accrued in the government-wide statements as the benefits accrue to employees. However, a liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will be be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Property Taxes

Property taxes are assessed and collected by Solano County (the County). The County remits the property taxes to the Agency when the taxes are collected and the allocation has been determined. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, are payable in two installments, and become delinquent if not paid by December 10 or April 10. The Agency has elected to receive the property taxes from the County under the Teeter Program. Under this program, the Agency receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies.

K. Prepaid Expenses and Inventory

Inventories are stated at cost (average cost per unit) for governmental funds. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are consumed, rather than purchased. Inventories of governmental funds are offset by nonspendable fund balance to indicate they do not constitute resources available for future appropriation.

Prepaid items are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions

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

M. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

N. Equity Classifications

Government-wide Statements

Net position is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets. net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - Unrestricted net position represents resources derived from taxes, grants, and charges for services. These resources are used for transactions relating to the general operations of the Agency, and may be used at the discretion of the Board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Agency's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.

e. Unassigned - Amounts representing the residual classification for the general fund and residual negative fund balance of special revenue and capital project funds.

Further detail about the Agency's fund balance classification is described in Note 7.

O. Budgetary Principles

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the General Fund and each major special revenue fund with a legally adopted budget. The Agency's budgets are adopted on a basis which materially confirms to accounting principles generally accepted in the United States of America.

P. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Q. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2017, the Agency implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. See footnote 10 and 12 for the prior period restatement recorded as a result of implementing this standard.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

R. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2018 or later and may be applicable to the Agency. However, the Agency has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the Agency's fiscal year ending June 30, 2021. The Agency has not determined what impact, if any, this pronouncement will have on the financial statements.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 consisted of the following:

	Total
Deposits with financial institutions	$ 1,179,773
Local Agency investment Fund (LAIF)	7,729,475
California Asset Management Program (CAMP)	30,146,492
Certificates of Deposit	5,112,071
Money Market Funds	20,889
Total Investments	43,008,927
Total Cash and Investments	$ 44,188,700

Investment Policy

California statues authorize agencies to invest in idle or surplus funds in a variety of credit instruments as provided for in the *California Government Code*, Section 53600, Chapter 4 - Financial Affairs. The Agency is authorized, by its Board of Directors, to invest its cash in the State of California's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), the Solano County Investment Pool, or Federal Depository Insurance Corporation (FDIC) insured accounts in a bank or savings and loan association. The Agency's investment policy does not contain any specific provisions intended to limit the Agency's exposure to interest rate risk, credit risk, concentration of credit risk, or custodial credit risk.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The weighted average maturity of the investments contained in the LAIF investment pool is approximately 193 days as of June 30, 2018. The weighted average maturity of the investments contained in the CAMP investment pool is approximately 48 days as of December 31, 2017. As of June 30, 2018, 2.67% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities.

Information about the sensitivity of the fair values of the Agency's investments to market rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity as of June 30, 2018:

	Remaining Maturity		
	12 months or less	1-5 years	Total
Local Agency Investment Funds	$ 7,729,475	$ -	$ 7,729,475
California Asset Management Program	30,146,492	-	30,146,492
Certificates of Deposit	1,482,977	3,629,094	5,112,071
Money Market Funds	20,889	-	20,889
Total Investments	$ 39,379,833	$ 3,629,094	$ 43,008,927

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Agency had no investments that were highly sensitive to interest rate fluctuations at June 30, 2018.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF and CAMP do not have a rating provided by a nationally recognized statistical rating organization. The Agency's certificates of deposit and money market funds are not rated.

Concentration Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Valuation (non-pooled investments)

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency does not have any investments that are measured using Level 3 inputs. Fair value of the Agency's investments are as follows as of June 30, 2018:

- Certificates of Deposit:based on matrix pricing technique (Level 2 input)
- Money Market Funds: based on quoted market prices (Level 1 input)

Investment in Local Agency Investment Fund (LAIF)

The Agency is a voluntary participant in the State Treasurer's Pooled Money Investment Account (PMIA), through LAIF, that was created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. The Local Agency Investment Advisory Board has oversight of LAIF. The fair value of the Agency's position in the pool is materially equivalent to the value of pool shares. LAIF is an unrated external investment pool.

In accordance with authorized investment laws, the State Treasurer's Investment Pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. Copies of a report of LAIF's investments may be obtained from the State Treasurer's Office, Local Agency Investment Fund, P.O. Box 942809, Sacramento, CA 94209-0001.

Investment in California Asset Management Program (CAMP)

The Agency is a voluntary participant in CAMP that was formed in 1989 as a joint power authority and common law trust. The trust is only accountable to its public agency shareholders. CAMP is invested in such a way as to maintain a $1 per share net asset value. Copies of their financial report may be obtained by contacting CAMP at 50 California Street, Suite 2300, San Francisco, CA 94111.

NOTE 3: ACCOUNTS AND GRANTS RECEIVABLES

Receivables at June 30, 2018 consisted of:

Water sales receivable	$ 370,965
Grants receivable	1,478,532
Total receivables	$ 1,849,497

NOTE 4: NOTE RECEIVABLE

In fiscal year 2011, the Agency constructed a building on land owned by the federal government. The constructed building is owned by the United States Bureau of Reclamation and not the Agency. The Agency shares the use of such building with the Vacaville Fire Department District (the District). The Agency paid all of the construction costs up front; however, the District is repaying the Agency for their portion of the costs through a note receivable. The note is being repaid over a 10-year period with interest at 4%. The balance of the note receivable has been offset in the fund financial statements by deferred inflows of resources as it is not deemed measurable and available within 60 days. The balance of the note at June 30, 2018 totaled $193,883.

NOTE 5: CAPITAL ASSETS

Governmental activities:

	Balance at July 1, 2017	Additions	Retirements	Balance at June 30, 2018
Capital assets not being depreciated				
Land	$ 7,063,469	$ -	$ -	$ 7,063,469
Total capital assets not being depreciated	7,063,469	-	-	7,063,469
Capital assets being depreciated				
Land improvements	2,535,494	-	-	2,535,494
Buildings	1,661,323	-	-	1,661,323
Water monitoring equipment	2,164,101	40,008	-	2,204,109
Machinery and field equipment	2,130,175	262,131	-	2,392,306
Furniture, fixtures, and office equipment	217,439	-	-	217,439
Total capital assets being depreciated	8,708,532	302,139	-	9,010,671
Less accumulated depreciation	(3,108,761)	(437,963)	-	(3,546,724)
Total capital assets, net	$ 12,663,240	$ (135,824)	$ -	$ 12,527,416

Depreciation expense for the year ended June 30, 2018, was charged to functions as follows:

Governmental Activities:

Solano Project	$ 309,621
State Water Project	11,599
Ulatis Flood Control Project	116,743
Total Depreciation Expense	$ 437,963

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in the Agency's long-term liabilities for the fiscal year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion
Governmental activities:					
Compensated absences	$ 202,388	$ 148,879	$ (117,900)	$ 233,367	$ 85,849

NOTE 7: FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The Board of Directors, as the Agency's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal action. Committing fund balance is accomplished by approval of an action item by the Board of Directors. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment.

NOTE 7 : FUND BALANCE (CONTINUED)

Assigned fund balances are amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted or committed. The Agency has delegated the authority to assign fund balance to the General Manager.

The accounting policies of the Agency consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Agency considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

As of June 30, 2018, fund balances were comprised of the following:

	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	Total Governmental Funds
Nonspendable					
Prepaid expenses	$ 26,583	$ -	$ -	$ -	$ 26,583
Inventory	27,219	-	-	-	27,219
Notes receivable	193,883	-	-	-	193,883
Advances	-	-	-	-	-
Total Nonspendable	247,685	-	-	-	247,685
Restricted					
Grants	-	16,914,424	6,343,849	231,621	23,489,894
Assigned					
Capital Projects	3,165,000	-	-	-	3,165,000
Unassigned					
	17,465,429	-	-	-	17,465,429
Total Fund Balance	$ 20,878,114	$ 16,914,424	$ 6,343,849	$ 231,621	$ 44,368,008

NOTE 8: ADMINISTRATION AND GENERAL EXPENDITURES

The following is a summary of administration and general expenditures of the fund financial statements by natural classification at June 30, 2018:

Salaries and benefits	$ 3,447,129
Professional services	473,509
Dues and memberships	118,265
Public education	75,108
Property tax administration fee	117,768
Governmental advocacy	135,789
Office equipment	86,951
Office expense	81,230
Telephone	19,045
Insurance	60,099
Watermaster services	39,010
Fuel	26,878
Board expense	27,024
Talent decision monitoring	12,012
Miscellaneous	53,028
Overhead reallocation	(248,864)
Total	$ 4,523,981

NOTE 9: DEFINED BENEFIT PENSION PLAN

General Information about the Plan

All qualified permanent full and part-time Agency employees working at least 1,000 hours per year are eligible to participate in the Agency's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency sponsors two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Active members belonging to the Classic Plan are required to contribute 7% of their annual covered salary. Active members belonging to the PEPRA plan are required to contribute 6.25% of their annual covered salary. The Agency makes the contributions required of the Classic employees on their behalf and for their account.

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rate plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	7.000%	6.250%
Required Employer Contribution Rates*	14.506%	6.539%

*Employer contribution rates include the employer normal cost rate and the unfunded accrued liability contribution.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Agency's required contributions to the Plan for the year ended June 30, 2018 were $206,719.

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

As of June 30, 2018, the Agency reported a net pension liability of $1,205,732 for its proportionate share of the net pension liability of the Plan.

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability of the Plan as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.01160%
Proportion - June 30, 2017	0.01216%
Change - Increase (Decrease)	0.000563%

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the Agency recognized pension expense of $412,526 which included employer paid member contributions for the Classic Plan. At June 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 206,719	$ -
Difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contribution	14,081	3,333
Changes in assumptions	247,819	18,896
Differences between expected and actual experience	1,997	28,615
Adjustment due to differences in proportions	95,425	5,224
Net differences between projected and actual earnings on plan investments	56,046	-
Total	$ 622,087	$ 56,068

$206,719 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2019	$ 118,281
2020	$ 168,247
2021	$ 106,048
2022	$ (33,276)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS Experience Study and Review Actuarial Assumptions report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website at https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board and in effect as of June 30, 2017

Asset Class	Current Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.9%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)

(1) An expected inflation of 2.5% used for this period.
(2) An expected inflation of 3.0% used for this period.

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability (Asset)	$ 2,022,614	$ 1,205,732	$ 526,175

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in the separately issued CalPERS financial reports.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Agency provides postemployment healthcare benefits for retired employees in accordance with their published employee handbook.

Description of the Plan

The Solano County Water Agency Retirement Health Plan (the Health Plan) provides healthcare benefits for retired employees in accordance with the Agency's published employee handbook. The Health Plan is part of the California Employers' Retiree Benefit Trust (CERBT) plan, an agent multiple-employer plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating entities within the State of California. The Agency provides certain medical insurance coverage to all employees who retire from the Agency and meet the age and service requirement for eligibility. The Agency pays 100% of the eligible retirees' medical plan premiums up to $12,500 per year. There are no separate financial statements issued for the Health Plan.

Employees Covered

As of the June 30, 2017 measurement date, the following current and former employees were covered by the benefit terms under the Health Plan:

	Number of Covered Participants
Inactives currently receiving benefits	3
Active employees	16
Total	19

Contributions

The contribution requirements of plan members and the Agency are based on a pay-as-you-go basis. For the year ended June 30, 2018, the Agency paid $18,435 on behalf of its retirees and the estimated implied subsidy was $14,000. In addition, in fiscal year 2017, the Agency's Board approved to participate in CalPERS' California Employer's Retiree Benefit Trust (CERBT). Contributions made to the CERBT trust for the year ended June 30, 2018 totaled $750,000. Total payments for the year ended June 30, 2018 were $782,435.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial assumptions:

Contribution Policy	Agency contributes full ADC
Discount Rate	6.25% at June 30, 2017 6.25% at June 30, 2016
Expected Long-Term Rate of Return on Investments	Expected Agency contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	3% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2014 modified to converge to ultimate improvement rates in 2022
Salary Increases	Aggregate - 3.25% Merit - CalPERS 1997-2011 experience study
Medical Trend	Non-Medicare - 6.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years Medicare - 6.7% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years
Healthcare Participation	100%
Cap Increases	No increases until 2019; 3% increase annually thereafter
Medical Plan at Retirement	Same as current election until age 65, 50% elect PERS Care at 65

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

	Target Allocation * CERBT - Strategy 1	Expected Real Rate of Return
Asset Class Component		
Global Equity	40%	4.82%
Fixed Income	39%	1.47%
TIPS	10%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assume Long-term Rate of Inflation		2.75%
Expected Long-term Net Rate of Return, Rounded		6.75%

The long-term expected real rate of returns are presented as geometric means.

*Policy target effective October 13, 2014

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the Agency's contributions are projected to keep sufficient plan assets to pay all benefits from the trust.

Changes in the net OPEB Liability

The changes in the net OPEB liability for the health care plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017 (Valuation Date of June 30, 2016)	$ 1,252,994	$ -	$ 1,252,994
Changes recognized for the measurement period:			
Service cost	153,958	-	153,958
Interest	86,953	-	86,953
Contributions - employer	-	761,389	(761,389)
Net investment income	-	3,246	(3,246)
Benefit payments	(31,389)	(31,389)	-
Administrative expenses	-	(38)	38
Net changes	209,522	733,208	(523,686)
Balance at June 30, 2018 (Valuation Date of June 30, 2017)	$ 1,462,516	$ 733,208	$ 729,308

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

The following table presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

	Discount Rate -1% (3.69%)	Current Discount Rate (4.69%)	Discount Rate +1% (5.69%)
Net OPEB Liability	$ 978,994	$ 729,308	$ 530,106

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

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 556,861	$ 729,308	$ 886,271

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the California Public Employees' Retirement System at 400 Q Street, Sacramento, CA 95811.

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Net difference between projected and actual earnings on OPEB plan investments	5 years

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

For the fiscal year ended June 30, 2018, the Agency recognized OPEB expense of $236,650. As of fiscal year ended June 30, 2018, the Agency reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	$ 782,435	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	1,053	-
Total	$ 783,488	$ -

$782,435 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	
2019	$ 263
2020	263
2021	263
2022	264

NOTE 11: RISK MANAGEMENT

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of water agencies in California, for general, automobile, public officials' errors and omissions, property, fidelity, workers' compensation liability, and employers' liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchases commercial excess insurance is obtained. Loss contingency reserves established by the JPIA are funded by contributions from member agencies. The Agency pays an annual premium to the JPIA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the JPIA.

NOTE 11 RISK MANAGEMENT (CONTINUED)

The Agency's maximum coverage under the JPIA is as follows:

	Pool Coverage	Commercial Coverage
General and auto liability	$ 5,000,000	$ 55,000,000
Public officials and omissions liability	$ 5,000,000	$ 55,000,000
Property	$ 100,000	$ 500,000,000
Crime	$ 100,000	None
Workers' compensation liability	$ 2,000,000	Statutory

The Agency is responsible for property losses up to their deductible, which ranges from $1,000 to $25,000, depending on coverage.

Settles claims resulting from these risks have not exceeded commercial insurance coverage in any recent fiscal year. There has been no significant reduction in coverage over the last three years.

NOTE 12: PRIOR PERIOD RESTATEMENT

As a result of implementing GASB Statement No. 75, the Agency increased its Government-wide beginning net position by $312,454, resulting in a restated beginning net position of $48,953,557.

NOTE 13: CONTINGENCIES AND COMMITMENTS

The Agency periodically enters into commitments which are funded primarily through state grants. The grants are typically for various projects such as rehabilitation, betterment, and maintenance. At June 30, 2018, the Agency had no commitments on unfinished contracts.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

The Agency has been named a real party in interest in two actions filed in 2010 against the California Department of Water Resources. The actions allege violation of the California Environmental Quality Act. No estimates of liability or conclusions have been or can be reached relative to the impact of this action; however, there can be no assurance that this matter will not adversely affect the Agency's financial position.

The Agency has been named a real party in interest in action filed against Ana Matosantos, California Department of Finance, and in an action filed against Michael Cohen. The actions challenge various aspects of the wind-down of redevelopment agency affairs under AB 1484. The Agency may be exposed to a portion of the liability for attorneys' fees in the event the Petitioners prevail in the action. No estimates of liability or conclusions have been or can be reached relative to the impact of this actions; however, there can be no assurance that this matter will not adversely affect the Agency's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

SOLANO COUNTY WATER AGENCY
SOLANO PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2017-2018 Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 8,888,027	$ 8,888,027	$ 9,566,656	$ 678,629
Charges for services	390,000	514,000	527,646	13,646
Investment earnings	116,130	116,130	219,270	103,140
Intergovernmental	2,618,250	3,018,250	1,104,179	(1,914,071)
Other revenues	553,600	29,600	208,864	179,264
Total Revenues	12,566,007	12,566,007	11,626,615	(939,392)
EXPENDITURES				
Current:				
Water purchases	160,000	160,000	141,476	18,524
Operations and maintenance	6,600,119	6,600,119	4,055,230	2,544,889
Administration and general	3,955,104	3,955,104	3,256,010	699,094
Conservation and flood control	3,131,500	3,131,500	939,313	2,192,187
Engineering	5,806,691	5,806,691	1,565,206	4,241,485
Capital outlay	331,000	331,000	254,949	76,051
Total Expenditures	19,984,414	19,984,414	10,212,184	9,772,230
Net Change in Fund Balance	$ (7,418,407)	$ (7,418,407)	1,414,431	$ 8,832,838
Fund Balance - July 1, 2017			19,463,683	
Fund Balance - June 30, 2018			$ 20,878,114	

SOLANO COUNTY WATER AGENCY
STATE WATER PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2017-2018 Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 13,028,000	$ 13,028,000	$ 14,468,386	$ 1,440,386
Charges for services	2,547,101	2,547,101	2,368,953	(178,148)
Investment earnings	56,000	56,000	134,905	78,905
Other revenues	35,000	35,000	17,240	-
Total Revenues	15,666,101	15,666,101	16,989,484	1,341,143
EXPENDITURES				
Current:				
Water purchases	12,483,955	12,483,955	11,115,387	1,368,568
Operations and maintenance	708,000	708,000	189,724	518,276
Administration and general	1,240,353	1,240,353	1,059,460	180,893
Conservation and flood control	604,000	604,000	276,271	327,729
Engineering	250,500	250,500	56,989	193,511
Capital outlay	40,000	40,000	27,126	12,874
Total Expenditures	15,326,808	15,326,808	12,724,957	2,601,851
Net Change in Fund Balance	$ 339,293	$ 339,293	4,264,527	$ 3,942,994
Fund Balance - July 1, 2017			12,649,897	
Fund Balance - June 30, 2018			$ 16,914,424	

SOLANO COUNTY WATER AGENCY
ULATIS FLOOD CONTROL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2017-2018 Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 1,257,226	$ 1,257,226	$ 1,444,607	$ 187,381
Charges for services	-	-	22,816	-
Investment earnings	23,500	23,500	59,451	35,951
Other revenues	5,000	5,000	6,741	1,741
Total Revenues	1,285,726	1,285,726	1,533,615	225,073
EXPENDITURES				
Current:				
Operations and maintenance	781,000	781,000	554,269	226,731
Administration and general	203,313	203,313	190,041	13,272
Capital outlay	20,500	20,500	20,064	436
Total Expenditures	1,004,813	1,004,813	764,374	240,439
Net Change in Fund Balance	$ 280,913	$ 280,913	769,241	$ 465,512
Fund Balance - July 1, 2017			5,574,608	
Fund Balance - June 30, 2018			$ 6,343,849	

SOLANO COUNTY WATER AGENCY
GREEN VALLEY FLOOD CONTROL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2017-2018 Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 129,707	$ 129,707	$ 127,697	$ (2,010)
Investment earnings	-	-	1,608	-
Total Revenues	129,707	129,707	129,305	(2,010)
EXPENDITURES				
Current:				
Operations and maintenance	127,000	127,000	29,986	97,014
Administration and general	71,143	71,143	18,470	52,673
Total Expenditures	198,143	198,143	48,456	149,687
Net Change in Fund Balance	$ (68,436)	$ (68,436)	80,849	$ 147,677
Fund Balance - July 1, 2017			150,772	
Fund Balance - June 30, 2018			$ 231,621	

SOLANO COUNTY WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2018
LAST 10 YEARS*

	Measurement Period			
	2017	2016	2015	2014
Proportion of the net pension liability	0.01216 %	0.01160 %	0.01076 %	0.01200 %
Proportionate share of the net pension liability	$ 1,205,732	$ 1,003,309	$ 738,680	$ 751,756
Covered - employee payroll	$ 1,430,395	$ 1,297,221	$ 1,274,487	$ 1,165,322
Proportionate share of the net pension liability as a percentage of covered - employee payroll	84.29 %	77.34 %	57.96 %	64.51 %
Plan fiduciary net position as a percentage of the total pension liability	73.31 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SOLANO COUNTY WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2018
LAST 10 YEARS*

	Fiscal Year-End			
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 206,719	$ 174,564	$ 155,648	$ 169,520
Contributions in relation to the actuarially determined contributions	206,719	174,564	155,648	169,520
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered - employee payroll	1,720,043	1,430,395	1,297,221	1,274,487
Contributions as a percentage of covered - employee payroll	12.02 %	12.20 %	12.00 %	13.30 %

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SOLANO COUNTY WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2018
LAST 10 YEARS *

	Measurement Period 2017
Changes in the Total OPEB Liability	
Service Cost	$ 153,958
Interest	86,953
Benefit Payments	(31,389)
Net Changes	209,522
Total OPEB Liability (beginning of year)	1,252,994
Total OPEB Liability (end of year)	$ 1,462,516
Changes in Plan Fiduciary Net Position	
Contributions - employer	$ 761,389
Net investment income	3,246
Benefit payments	(31,389)
Administrative expenses	(38)
Net Changes	733,208
Plan Fiduciary Net Position (beginning of year)	-
Plan Fiduciary Net Position (end of year)	$ 733,208
Net OPEB Liability	$ 729,308
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50 %
Covered employee payroll	$ 1,479,245
Net OPEB Liability as a Percentage of Covered-Employee Payroll	49 %

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

SOLANO COUNTY WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
AS OF JUNE 30, 2018
LAST 10 YEARS *

	Fiscal Year 2018
Actuarially Determined Contribution (ADC)	$ 32,435
Contributions in relation to the ADC	782,435
Contribution deficiency (excess)	(750,000)
Covered-Employee Payroll	1,709,111
Contributions as a Percentage of Covered-Employee Payroll	46 %

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
the Solano County Water Agency
Vacaville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Solano County Water Agency (the "Agency"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Solano County Water Agency's basic financial statements and have issued our report thereon dated November 30, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency: 2018-001.

Compliance and Other Matters

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

The Agency's Response to Finding

Solano County Water Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Solano County Water Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Mann, Urrutia, Nelson CPAs

Sacramento, California
November 30, 2018

Finding 2018-001: Grant Billing and Reconciliation (Repeat Finding - Significant Deficiency)

Criteria

Certain deficiencies in internal control system over financial reporting could adversely affect an entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Condition

Upon reviewing the Agency's grants and accounts receivable, we noted the Agency had approximately $855,000 in grant receivables that had not yet been billed to the granting agency for reimbursement. Of the $855,000, $650,000 is related to prior years. The aging of some of the grant reimbursements date back to fiscal year 2014. The Agency has the risk of losing the funding if certain billing deadlines are not met.

Cause

Based on the prior year significant deficiency reported, the Agency is still catching up on billing out their grant receivables.

Recommendation

We recommend the Agency re-visit their grant procedures to include quarterly reconciliations, at a minimum. These reconciliations should entail review of allowable expenditures, recording of corresponding accounts receivable and revenue, and processing of quarterly reports and reimbursement requests. These reconciliations should be reviewed by the Administrative Service Manager or Grants Administrator. Receivables currently recorded should be billed out as soon as possible, and collections should be monitored.

Management's Response

During 2016-17, management implemented processes to include quarterly reconciliations of revenues/receivables and reimbursement requests. Processes were also implemented to review outstanding receivables and to follow up with collections. The Agency continues to maintain and improve these processes. During 2017-18, the processing of invoices submitted by the Water Agency to the primary grantee, Department of Water Resources, was delayed due to staffing limitations at the Department of Water Resources.

SOLANO COUNTY WATER AGENCY
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2018

Finding 2017-001: Grant Billing and Reconciliation (Significant Deficiency)

Condition

Upon reviewing the Agency's grants and accounts receivable, we noted the Agency had approximately $514,000 in aged grant receivables that had not yet been billed to the granting agency for reimbursement. The aging of some of the grant reimbursements date back to fiscal year 2015. The Agency has the risk of losing the funding if certain billing deadlines are not met.

Recommendation

We recommend the Agency re-visit their grant procedures to include quarterly reconciliations, at a minimum. These reconciliations should entail review of allowable expenditures, recording of corresponding accounts receivable and revenue, and processing of quarterly reports and reimbursement requests. These reconciliations should be reviewed by the Administrative Service Manager or Grants Administrator. Receivables currently recorded should be billed out as soon as possible, and collections should be monitored.

Status

Not implemented. See 2018-001.

MUN CPAs

MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

November 30, 2018

To the Board of Directors of
Solano County Water Agency
810 Vaca Valley Parkway
Vacaville, California 95688

We have audited the financial statements of the governmental activities and each major fund of Solano County Water Agency (the Agency) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to their other post-employment benefits (OPEB) by adopting Statement of Government Accounting Standards No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were depreciation, the estimate of the net other post-employment benefit (OPEB) liability, and the net pension liability. Management's estimate for depreciation is based on the Agency's capitalization policy. Management's estimates for the OPEB liability and the net pension liability are based on actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attachment B summarizes material misstatements detected as a result of audit procedures and were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules, the schedule of the Agency's proportionate share of the net pension liability, the schedule of contributions to the cost sharing defined benefit pension plan, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions to the OPEB plan which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Solano County Water Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mann, Urrutia, Nelson CPA's

Mann, Urrutia, Nelson CPAs & Associates LLP

Attachment A

SOLANO COUNTY WATER AGENCY
SUMMARY OF PASSED AUDIT ADJUSTMENTS
June 30, 2018

	Effect - Increase (Decrease)				
Description	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Expenses**
Current Year Differences					
To record interest receivable	$ 19,085	$ -		$ 19,085	$ -
To record unrecorded liabilities and projected error		$ 39,158			$ 39,158
Total Income Statement Effect				$ 19,085	$ 39,158
Balance Sheet Effect	$ 19,085	$ 39,158	$ -		

Attachment B

SOLANO COUNTY WATER AGENCY
SUMMARY OF AUDIT ADJUSTMENTS
June 30, 2018

	Effect - Increase (Decrease)				
Description	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Expenses**
Remove prepaid and related payable	$ (449,129)	$ (449,129)			
To record loan receivable payment		$ (179,256)		$ 179,256	
Total Income Statement Effect				$ 179,256	$ -
Balance Sheet Effect	$ (449,129)	$ (628,385)	$ -		

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **State Water Project Contact Amendment 21 (Contract Extension)**

RECOMMENDATION:

Authorize General Manager to sign Amendment 21 (Contract Extension Amendment) to water supply contract between the State of California Department of Water Resources and Solano County Water Agency.

FINANCIAL IMPACT: None

BACKGROUND:

On December 26, 1963 the Solano County Water Agency's predecessor, the Solano County Flood Control and Water Conservation District, executed the existing water supply contract between the Solano County Water Agency and the State of California Department of Water Resources. That contract is set to expire on or about 2038. The exact expiration date is contingent upon the final maturity date of the last bond used to finance project construction. Amendment 21 extends the term of the water supply contract to at or about December 31, 2085 (exact expiration date contingent on date all bonds or other debt obligations have been paid). Water Agency counsel has reviewed and approved Amendment 21 with regard to language and form.

Recommended: _____
Roland Sanford, General Manager

☐	Approved as recommended	☐	Other (see below)	X	Continued on next page

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Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

The proposed contract extension would extend the repayment period, thereby reducing the Water Agency's annual payments to the California Department of Water Resources, and would also provide additional flexibility with regard to the financing of the North Bay Aqueduct Alternate Intake Project. The former is particularly relevant in view of the recent Oroville Dam spillway failure and subsequent repair work, at least a portion of which must be paid by the State Water Contractors, and the steadily increasing costs associated with federally mandated habitat restoration projects. Similarly, the economic feasibility and affordability of the North Bay Aqueduct Alternate Intake Project will be largely determined by the duration of bonds and other instruments used to finance project construction. Contract extension would allow for a longer repayment period of debt obligations.

In addition to the Water Agency's proposed contract extension, the Department of Water Resources is proposing similar contract amendments with each of the other State Water Contractors. A number of State Water Contractors are in a weaker financial position than the Water Agency and therefore, the ability to extend debt repayment is critically important to their financial viability and more specifically, the cost for State Water Project water to their "end users". However, as opponents to the proposed and controversial Cal WateFix (aka twin tunnels) project note, contract extension is also a necessity with regard to keeping the annual costs of Cal WaterFix affordable.

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 21 (THE CONTRACT EXTENSION AMENDMENT) TO WATER SUPPLY CONTRACT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND SOLANO COUNTY WATER AGENCY FOR CONTINUED SERVICE AND THE TERMS AND CONDITIONS THEREOF

THIS AMENDMENT to the Water Supply Contract is made this _____ day of _____, 201_, pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State," and Solano County Water Agency, herein referred to as the "Agency."

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RECITALS

A. The State and the Agency entered into and subsequently amended a water supply contract (the "contract"), dated November 4, 1960, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and

B. Article 2 of the contract provides that the contract shall remain in effect for the longest of the following: (1) the project repayment period, which, as defined in the contract, is to end on December 31, 2035; (2) 75 years from the original date of the contract; and (3) the period ending with the latest maturity date of any bond issue used to finance the construction costs of project facilities; and

C. The longest of the above referenced periods in Article 2 would have ended in this contract on December 26, 2038; and

D. Article 4 of the contract provides that the Agency, by written notice to the State at least six (6) months prior to the expiration of the term of the contract (as specified in Article 2), may elect to receive continued service under the contract under certain conditions specified therein and under other terms and conditions that are reasonable and mutually agreed upon by the State and the Agency; and

E. The State, the Agency and representatives of certain other State Water Project Contractors have negotiated and executed a document (Execution Version dated June 18, 2014), the subject of which is "Agreement in Principle Concerning Extension of the State Water Project Water Supply Contracts" (the "Agreement in Principle"); and

F. The Agreement in Principle describes the terms and conditions of the continued service upon which the State and the Agency mutually proposed to develop contractual amendments consistent with the Agreement In Principle; and

G. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective contracts to implement the provisions of the Agreement in Principle, and such amendment was named the "Amendment for Continued Service and the Terms and Conditions Thereof"; and

H. The State and the Agency desire to implement continued service under the contract under the terms and conditions of this Amendment for Continued Service and the Terms and Conditions Thereof to the water supply contract; and

I. The Agency's execution of this Amendment for Continued Service and the Terms and Conditions Thereof is the equivalent of the Agency's election under Article 4 to receive continued service under the contract under the conditions provided in Article 4, and the mutually agreed terms and conditions herein are the other reasonable and equitable terms and conditions of continued service referred to in Article 4.

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency's water supply contract with the State:

AMENDED CONTRACT TEXT

I. ARTICLES 1, 2, 5, 22 THROUGH 29, 50 AND 51 **ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:**

1. DEFINITIONS.

When used in this contract, the following terms shall have the meanings hereinafter set forth:

(a) **"Additional Project Conservation Facilities"** shall mean the following facilities and programs, which will serve the purpose of preventing any reduction in the Minimum Project Yield as hereinafter defined:

(1) Those Project Facilities specified in Section 12938 of the Water Code;

(2) Those facilities and programs described in (A), (B), (C), (D), and (E) below which, in the State's determination, are engineeringly feasible and capable of producing Project Water which is economically competitive with alternative new water supply sources, *provided* that in the State's determination, the construction and operation of such facilities and programs will not interfere with the requested deliveries of Annual Table A Amount to any Contractor other than the sponsoring Contractor, and will not result in any greater annual charges to any Contractor other than the sponsoring Contractor than would have occurred with the construction at the same time of alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct.

The following facilities and programs shall hereinafter be referred to as "Local Projects":

(A) On-stream and off-stream surface storage reservoirs not provided for in Section 12938 of the Water Code, that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(B) Groundwater storage facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(C) Waste water reclamation facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(D) Water and facilities for delivering water purchased by the State for the System for a period of time agreed to by the sponsoring Contractor; *provided* that the economic test specified herein shall be applied to the cost of these facilities together with the cost of the purchased water; and

(E) Future water conservation programs and facilities that will reduce demands by the sponsoring Contractor for Project Water from the System for a period of time agreed to by the sponsoring Contractor and will thereby have the effect of increasing Project Water available in the Delta for distribution.

(3) Whether a Local Project described in (2) above shall be considered economically competitive shall be determined by the State by comparing, in an engineering and economic analysis, such Local Project with alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct. The analysis for such alternative new water supply sources shall use the average cost per acre-foot of yield in the latest studies made for such sources by the State and shall compare those facilities with the proposed Local Project using commonly accepted engineering economics. In the case of a Local Project to be funded in part by the State as part of the System and in part from other sources, the economic analysis specified herein shall be applied only to the portion to be funded by the State as part of the System.

(4) The Local Projects in (2) above shall not be constructed or implemented unless or until:

(A) The sponsoring Contractor signs a written agreement with the State which:

(i) Contains the sponsoring Contractor's approval of such facility or program;

(ii) Specifies the yield and the period of time during which the water from the Local Project shall constitute Project Water; and

(iii) Specifies the disposition of such Local Project or of the yield from such Local Project upon the expiration of such period of time.

(B) All Contractors within whose boundaries any portion of such Local Project is located, and who are not sponsoring Contractors for such Local Project give their written approval of such Local Project.

(5) "Sponsoring Contractor" as used in this Article 1(a) shall mean the Contractor or Contractors who either will receive the yield from facilities described in 2(A), (B), (C), or (D) above, or agree to reduce demands for Project Water from the System pursuant to 2(E) above.

(6) In the event of a shortage in water supply within the meaning of Article 18(a), the determination of whether to count, in whole or in part, the yield from facilities described in 2(A), (B), (C), or (D) above, or the reduced demand from future conservation programs described in 2(E) above in the allocation of deficiencies among Contractors will be based on a project-by-project evaluation taking into consideration such factors as any limitation on the use of the water from such facilities and whether the sponsoring Contractor has access to Project Water from the Delta as an alternate to such facilities.

(b) **"Agricultural Use"** shall mean any use of water primarily in the production of plant crops or livestock for market, including any use incidental thereto for domestic or stock-watering purposes.

(c) **"Annual Table A Amount"** shall mean the amount of Project Water set forth in Table A of this Contract that the State, pursuant to the obligations of this contract and applicable law, makes available for delivery to the Agency at the delivery structures provided for the Agency. The term Annual Table A Amount shall not be interpreted to mean that in each year the State will be able to make that quantity of Project Water available to the Agency. The Annual Table A Amounts and the terms of this contract reflect an expectation that under certain conditions only a lesser amount, allocated in accordance with this contract, may be made available to the Agency. This recognition that full Annual Table A Amounts will not be deliverable under all conditions does not change the obligations of the State under this contract, including but not limited to, the obligations to make all reasonable efforts to complete the Project Facilities, to perfect and protect water rights, and to allocate among Contractors the supply available in any year, as set forth in Articles 6(b), 6(c), 16(b) and 18, in the manner and subject to the terms and conditions of those articles and this contract. Where the term "annual entitlement" appears elsewhere in this contract, it shall mean "Annual Table A Amount." The State agrees that in future amendments to this and other Contractor's contracts, in lieu of the term "annual entitlement," the term "Annual Table A

Amount" will be used and will have the same meaning as "annual entitlement" wherever that term is used.

(d) **"Area of Origin Statutes"** shall mean Sections 10505 and 11460 through 11463 of the Water Code as now existing or hereafter amended.

(e) **"Article 51(e) Amounts"** shall mean the annual amounts determined pursuant to Article 51(e)(1).

(f) **"Billing Transition Date"** shall mean January 1 of the first calendar year starting at least six (6) months after the Contract Extension Amendment Effective Date.

(g) **"Burns-Porter Bond Act"** shall mean the California Water Resources Development Bond Act, comprising Chapter 8, commencing at Section 12930, of Part 6 of Division 6 of the Water Code, as enacted in Chapter 1762 of the Statutes of 1959.

(h) **"Capital Costs"** shall mean all costs Incurred subsequent to authorization of a facility for construction by the Legislature or by administrative action pursuant to Section 11290 of the Water Code and to the Burns-Porter Bond Act, including those so Incurred prior to the beginning of the Project Repayment Period as herein defined and any accrued unpaid interest charges thereon at the rates specified herein, which are properly chargeable to the construction of and the furnishing of equipment for the facilities of the System, including the costs of surveys, engineering studies, exploratory work, designs, preparation of construction plans and specifications, acquisition of lands, easements and rights-of-way, and relocation work, all as shown upon the official records of the Department of Water Resources.

(i) **"Carry-over Table A Water"** shall mean water from a Contractor's Annual Table A Amount for a respective year, which is made available for delivery by the State in the next year pursuant to Article 12(e).

(j) **"Central Valley Project Act"** shall mean the Central Valley Act comprising Part 3, commencing at Section 11100, of Division 6 of the Water Code.

(k) **"Contract Extension Amendment"** shall mean the substantially similar amendments to the Contractors' Water Supply Contracts that include, among other things, an extension of the term of the contract to December 31, 2085.

(l) **"Contract Extension Amendment Effective Date"** shall mean the date on which the Contract Extension Amendment becomes effective with regard to this contract. The State shall provide a written notice to the Agency specifying the Contract Extension Amendment Effective Date once the applicable conditions set out in the Contract Extension Amendment have been met.

(m) **"Contractor"** shall mean any entity that has executed, or is an assignee of, a contract of the type published in Department of Water Resources Bulletin No. 141, dated November 1965, with the State for a dependable supply of water made available by the System, except such water as is made available by the facilities specified in Section 12934(d)(6) of the Water Code, as such contracts have been amended from time to time.

(n) **"Delta"** shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the Water Code on the date of approval of the Burns-Porter Bond Act by the voters of the State of California.

(o) **"East Branch Aqueduct"** shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Perris, Riverside County.

(p) **"Economic Useful Life"** shall mean the period during which the State expects to derive economic benefit from using an asset, as determined by the State.

(q) **"Financial Information System"** shall mean the system of record designated by the State as the authoritative source for the recording of all financial data values relating to the System.

(r) **"Financing Costs"** shall mean the following:

(1) principal of and interest on Revenue Bonds,

(2) debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,

(3) deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and

(4) premiums for insurance or other security obtained in relation to such Revenue Bonds.

(s) **"Incurred"** shall mean the following with respect to the timing of a cost:

(1) Capital Costs and operation, maintenance, and power costs allocated irrespective of the amount of Project Water delivered to the Contractors are "Incurred" when the expenditure for the good, service or other consideration is recorded in the State's financial information system, regardless of the date the good, service or other consideration is provided; and

(2) operation, maintenance, and power costs allocated in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors are "Incurred" when the good, service or other consideration is provided, regardless of when the expenditure for the good, service or other consideration is recorded in the financial information system.

(t) **"Initial Project Conservation Facilities"** shall mean the following Project Facilities specified in Section 12934(d) of the Water Code:

(1) All those facilities specified in subparagraph (1) thereof.

(2) Those facilities specified in subparagraph (3) thereof to the extent that they serve the purposes of water conservation in the Delta, water supply in the Delta, and transfer of water across the Delta.

(3) A reservoir near Los Banos in Merced County as specified in subparagraph (2) thereof.

(4) The reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to a reservoir near Los Banos in Merced County, to the extent required for water conservation through conveyance of water diverted from the Delta to offstream storage in such reservoir as determined by the State.

(5) Those facilities specified in subparagraph (5) thereof which are incidental to the facilities included under (1), (2), (3), and (4) above.

(6) Those facilities specified in subparagraph (7) thereof which are necessary and appurtenant to the facilities included under (1), (2), (3), (4), and (5) above.

(u) **"Interruptible Water"** shall mean Project Water available as determined by the State that is not needed for fulfilling Contractors' Annual Table A Amount deliveries as set forth in their water delivery schedules furnished pursuant to Article 12 or for meeting project operational requirements, including storage goals for the current or following years.

(v) **"Manufacturing Use"** shall mean any use of water primarily in the production of finished goods for market.

(w) **"Maximum Annual Table A Amount"** shall mean the maximum annual amount set forth in Table A of this contract, and where the term "maximum annual entitlement" appears elsewhere in this contract it shall mean "Maximum Annual Table A Amount."

(x) **"Minimum Project Yield"** shall mean the dependable annual supply of project water to be made available assuming completion of the initial project conservation facilities and additional project conservation facilities. The project's capability of providing the Minimum Project Yield shall be determined by the State on the basis of coordinated operations studies of initial project conservation facilities and additional project conservation facilities, which studies shall be based upon factors including but not limited to:

(1) the estimated relative proportion of deliveries for agricultural use to deliveries for municipal use assuming Maximum Annual Table A Amounts for all Contractors and the characteristic distributions of demands for these two uses throughout the year; and

(2) agreements now in effect or as hereafter amended or supplemented between the State and the United States and others regarding the division of utilization of waters of the Delta or streams tributary thereto.

(y) **"Monterey Amendment"** shall mean the substantially similar amendments to Contractors' Water Supply Contracts that included, among other provisions, the addition of Articles 51 through 56.

(z) **"Municipal Use"** shall mean all those uses of water common to the municipal water supply of a city, town, or other similar population group, including uses for domestic purposes, uses for the purposes of commerce, trade or industry, and any other use incidental thereto for any beneficial purpose.

(aa) **"Nonproject Water"** shall mean water made available for delivery to Contractors that is not Project Water as defined in Article 1(ah).

(ab) **"Project Facilities"** shall mean those facilities of the System which will, in whole or in part, serve the purposes of this contract by conserving water and making it available for use in and above the Delta and for export from the Delta and from such additional facilities as are defined in Article 1(a)(2), and by conveying water to the Agency. Such Project Facilities shall consist specifically of "Project Conservation Facilities" and "Project Transportation Facilities", as hereinafter defined.

(ac) **"Project Conservation Facilities"** shall mean such Project Facilities as are presently included, or as may be added in the future, under 1(a) and 1(t).

(ad) **"Project Interest Rate"** shall mean the following:

(1) Prior to the Billing Transition Date, the weighted average interest rate on bonds, advances, or loans listed in this section to the extent the proceeds of any such bonds, advances, or loans are for construction of the State Water Facilities defined in Section 12934(d) of

the Water Code, the additional project conservation facilities, and the supplemental conservation facilities (except off-aqueduct power facilities; water system facilities; advances for delivery structures, measuring devices and excess capacity; and East Branch Enlargement Facilities). The Project Interest Rate shall be calculated as a decimal fraction to five places by dividing (i) the total interest cost required to be paid or credited by the State during the life of the indebtedness or advance by (ii) the total of the products of the various principal amounts and the respective terms in years of all such amounts. The bonds, advances, or loans used in calculating the project interest rate shall be:

(A) General obligation bonds issued by the State under the Bond Act, except that any premium received on the sale of these bonds shall not be included in the calculation of the project interest rate,

(B) Revenue Bonds issued after May 1, 1969,

(C) Bonds issued by the State under any other authority granted by the Legislature or the voters,

(D) Bonds issued by any agency, district, political subdivision, public corporation, or nonprofit corporation of this State,

(E) Funds advanced by any Contractor without the actual incurring of bonded debt therefore, for which the net interest cost and terms shall be those which would have resulted if the Contractor had sold bonds for the purpose of funding the advance, as determined by the State,

(F) Funds borrowed from the General Fund or other funds in the Treasury of the State of California, for which the total interest cost shall be computed at the interest rate earned over the period of such borrowing by moneys in the Surplus Money Investment Fund of such Treasury invested in securities, and

(G) Any other financing capability available in the Treasury of the State of California at whatever interest rate and other financing costs are provided in the law authorizing such borrowing. However, the use of other financing from the State Treasury is intended to involve only short term borrowing at interest rates and other financing costs no greater than those charged to other State agencies during the same period until such time as the Department can sell bonds and reimburse the source of the short term borrowing from the proceeds of the bond sale.

(2) On and after the Billing Transition Date, the Project Interest Rate shall be four and six hundred and ten thousandths percent (4.610%) per annum.

(ae) **"Project Repayment Period"** shall mean that period of years commencing on January 1, 1961, and extending until December 31, 2035.

(af) **"Project Revenues"** shall mean revenues derived from the service of Project Water to Contractors and others, and from the sale or other disposal of electrical energy generated in connection with operation of Project Facilities.

(ag) **"Project Transportation Facilities"** shall mean the following Project Facilities:

(1) All those facilities specified in subparagraph (2) of Section 12934(d) of the Water Code except: The reservoir near Los Banos in Merced County; the reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to the reservoir near Los Banos in Merced County, to the extent required for water conservation as determined by the State; the North Bay Aqueduct extending to a terminal reservoir in Marin County; the South Bay Aqueduct extending to terminal reservoirs in the Counties of Alameda and Santa Clara; the Pacheco Pass Tunnel Aqueduct extending from a reservoir near Los Banos in Merced County to a terminus in Pacheco Creek in Santa Clara County; and the Coastal Aqueduct beginning on the San Joaquin Valley-Southern California Aqueduct in the vicinity of Avenal, Kings County, and extending to a terminus at the Santa Maria River.

(2) Facilities for the generation and transmission of electrical energy of the following types:

(A) Hydroelectric generating and transmission facilities, whose operation is dependent on the transportation of Project Water, or on releases to channels downstream of Project Facilities defined under (1) above. Such facilities shall be called "project aqueduct power recovery plants."

(B) All other generating and associated transmission facilities, except those dependent on water from Project Conservation Facilities, for the generation of power. These facilities shall be called "off-aqueduct power facilities" and shall consist of the State's interest in the Reid-Gardner and any other generating and associated transmission facilities, constructed or financed in whole or in part by the State, which are economically competitive with alternative power supply sources as determined by the State.

(3) Those facilities specified in subparagraph (7) of Section 12934(d) of the Water Code which are necessary and appurtenant to the facilities included under (1) and (2) above.

(ah) **"Project Water"** shall mean water made available for delivery to the Contractors by the Project Conservation Facilities and the Project Transportation Facilities included in the System.

(ai) **"Revenue Bonds"** shall mean the following types of instruments payable from the sources provided in the Central Valley Project Act: revenue bonds, notes, refunding bonds, refunding notes, bond anticipation notes, certificates of indebtedness, and other evidences of indebtedness.

(aj) **"Subject to Approval by the State"** shall mean subject to the determination and judgment of the State as to acceptability.

(ak) **"Supplemental Conservation Facilities"** shall mean those facilities provided for in Section 12938 of the Water Code which will serve the purpose of supplying water in addition to the Minimum Project Yield and for meeting local needs.

(al) **"Supplemental Water"** shall mean water made available by Supplemental Conservation Facilities, in excess of the Minimum Project Yield.

(am) **"System"** shall mean the State Water Resources Development System as defined in Section 12931 of the Water Code.

(an) **"System Revenue Account"** shall mean the special account created pursuant to Water Code Section 12937(b) into which are deposited all revenues derived from the sale, delivery or use of water or power and all other income or revenue, derived by the State, from the System, with the exception of revenue attributable to facilities financed with revenue bonds issued pursuant to the Central Valley Project Act (Water Code Section 11100 et seq.).

(ao) **"Water Supply Contract"** shall mean one of the contracts described in the definition of Contractor in Article 1(m).

(ap) **"Water System Facilities"** shall mean the following facilities to the extent that they are financed with Revenue Bonds or to the extent that other financing of such facilities is reimbursed with proceeds from Water System Facility Revenue Bonds:

(1) The North Bay Aqueduct,

(2) The Coastal Branch Aqueduct,

(3) Delta Facilities, including Suisun Marsh facilities, to serve the purposes of water conservation in the Delta, water supply in the Delta, transfer of water across the Delta, and mitigation of the environmental effects of Project Facilities, and to the extent presently authorized as project purposes, recreation and fish and wildlife enhancement,

(4) Local projects as defined in Article 1(a)(2) designed to develop no more than 25,000 acre-feet of project yield from each project,

(5) Land acquisition prior to December 31, 1995, for the Kern Fan Element of the Kern Water Bank,

(6) Additional pumps at the Banks Delta Pumping Plant,

(7) The transmission line from Midway to Wheeler Ridge Pumping Plant,

(8) Repairs, additions, and betterments to Project Facilities,

(9) A Project Facilities corporation yard,

(10) A Project Facilities operation center, and

(11) Capital projects which are approved in writing by the State and eighty (80) percent of the affected Contractors as "Water System Facilities", *provided* that the approving Contractors' Table A amounts exceed eighty (80) percent of the Table A amounts representing all affected Contractors and *provided further* that "affected Contractors" for purposes of this subdivision (11) shall mean those Contractors which would be obligated to pay a share of the debt service on Revenue Bonds issued to finance such project.

(aq) **"Water System Facility Revenue Bonds"** shall mean Revenue Bonds issued after January 1, 1987 for Water System Facilities identified in Article 1(ap).

(ar) **"West Branch Aqueduct"** shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Newhall, Los Angeles County.

(as) **"Year"** shall mean the 12-month period from January 1 through December 31, both dates inclusive.

(at) **"Year of Initial Water Delivery"** shall mean the year when Project Water will first be available for delivery to a Contractor pursuant to its contract with the State.

2. TERM OF CONTRACT.

This contract shall become effective on the date first above written and shall remain in effect for the longer of the following:

1. December 31, 2085, or

2. The period ending with the latest maturity date of any bond issue used to finance the construction costs of project facilities.

5. PLEDGE OF REVENUES.

This contract is entered into for the direct benefit of the holders and owners of all general obligation bonds issued under the Burns-Porter Bond Act and the holders and owners of Revenue Bonds issued under the Central Valley Project Act, and the income and revenues derived from this contract are pledged to the respective purposes and in the respective priorities set forth in these acts, as provided by law.

22. DELTA WATER CHARGE

The payments to be made by each Contractor shall include an annual charge designated as the Delta Water Charge, which shall be separately calculated and stated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) **Delta Water Charge for Costs Incurred Prior to the Billing Transition Date**. The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Costs of Project Conservation Facilities.* The Delta Water Charge for costs Incurred prior to the Billing Transition Date, together with the total revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities, shall return to the State during the Project Repayment Period all costs of the Project Conservation Facilities Incurred prior to the Billing Transition Date, including capital, operation, maintenance, power, and replacement costs, which are allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article.

(2) *Components of Charge.* For each Contractor receiving Project Water in any year through December 31, 1969, the Delta Water Charge shall be the product of $3.50 and the Contractor's Annual Table A Amount for the respective year. For each Contractor receiving Project Water in the year 1970, the Delta Water Charge shall be the product of $6.65 and the Contractor's Annual Table A Amount for that year. The $6.65 rate for the year 1970 shall consist of a capital component of $5.04 and a minimum operation, maintenance, power and replacement component of $1.61. For each Contractor receiving Project Water in the year 1971, the Delta Water Charge shall be the product of $7.24 and the Contractor's Annual Table A Amount for that year. The $7.24 rate for the year 1971 shall consist of a capital component of $5.44 and a minimum operation, maintenance, power and replacement component of $1.80.

After December 31, 1971, the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall consist and be the sum of the following components as these are computed in accordance with subdivisions (a)(3) and (a)(4) of this article: a capital component; a minimum operation, maintenance, power and replacement component; and a variable operation, maintenance, power and replacement component.

(3) *Charge Components Expressed as Rates.* The Capital Cost, the minimum operation, maintenance, power, and replacement, and the variable

operation, maintenance, power, and replacement components of the Delta Water Charge for costs Incurred prior to the Billing Transition Date, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during the Project Repayment Period, respectively, the following categories of the costs allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article:

(A) Capital Costs;

(B) operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractors; and

(C) operation, maintenance, power, and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities. Each component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be computed on the basis of a rate which, when charged during the Project Repayment Period for each acre-foot of the sum of the yearly totals of Annual Table A Amounts of all Contractors, will be sufficient, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, to return to the State during the Project Repayment Period all costs included in the respective category of costs covered by that component. Each such rate shall be computed in accordance with the following formula:

$$\frac{(c_1 - r_1)(1+i)^{-1} + (c_2 - r_2)(1+i)^{-2} + \cdots + (c_n - r_n)(1+i)^{-n}}{e_1(1+i)^{-1} + e_2(1+i)^{-2} + \cdots + e_n(1+i)^{-n}}$$

Where:

i = The Project Interest Rate.

c = The total costs included in the respective category of costs and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).

r = That portion of the revenues derived from the sale or other disposal of electrical energy allocated by the State to repayment of the costs included in the respective category and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).

1, 2, and *n* appearing below *c* and *r* = The respective year of the Project Repayment Period during which the costs included in the respective category are Incurred, *n* being the last year of the Project Repayment Period.

e = With respect to the Capital Cost and minimum operation, maintenance, power, and replacement components, the total of Annual Table A Amounts of all Contractors for the respective year of the Project Repayment Period.

e = With respect to the variable operation, maintenance, power, and replacement component, the total of the amounts of Project Water delivered to all Contractors for the respective year of the expired portion of the Project Repayment Period, together with the total of Annual Table A Amounts of all Contractors for the respective year of the unexpired portion of the Project Repayment Period.

1, 2, and *n* appearing below *e* = The respective year of the Project Repayment Period in which the Annual Table A Amounts or Project Water deliveries occur, *n* being the last year of the Project Repayment Period.

n used as an exponent = The number of years in the Project Repayment Period

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(4) *Determination of Charge Components.* The Capital Cost and minimum operation, maintenance, power, and replacement components of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be the product of the appropriate rate computed under subdivision (a)(3) of this

article and the Contractor's Annual Table A Amount for the respective year. The variable operation, maintenance, and power component of the charge shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the number of acre-feet of Project Water delivered to the Contractor during the respective year; *provided*, that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be the product of such rate per acre-foot and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(5) *Redetermination of Rates.* The rates to be used in determining the components of the Delta Water Charge pursuant to subdivision (a)(4) of this article and to become effective on January 1, 1970, shall be computed by the State in accordance with subdivision (a)(3) of this article prior to that date. Such computation shall include an adjustment which shall account for the difference, if any, between revenues received by the State under the Delta Water Charge prior to January 1, 1970, and revenues which would have been received under the charge prior to that date had it been computed and charged in accordance with subdivisions (a)(3) and (4) of this article. Upon such computation, a document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article. The State shall recompute such rates each year thereafter, and each such recomputation shall take account of and reflect increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct the Project Conservation Facilities described in subdivisions (c)(1) through (c)(3) of this article, Annual Table A Amounts, deliveries of Project Water, Project Interest Rate, revenues from the sale or other disposal of electrical energy, and all other factors which are determinative of such rates. In addition, each such recomputation shall include an adjustment of the rates for succeeding years which shall account for the differences, if any, between projections of costs used by the State in determining such rates for all preceding years, and actual costs Incurred by the State during such years. Upon each such recomputation, an appropriately revised copy of the document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article.

(6) *Water System Facility Revenue Bond Charges.* Notwithstanding provisions of Article 22(a)(1) through (5), the capital and the minimum operation, maintenance, power and replacement component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency's share of the portion of the Water System Facility Revenue Bond Financing Costs allocable to Project Conservation Facilities for Capital Costs Incurred prior to the Billing Transition Date. Charges to the Agency

for these costs shall be calculated in accordance with Article 50(a).

(b) **Delta Water Charge for Costs Incurred On or After the Billing Transition Date**. The provisions of this subdivision (b) of this article shall apply only to costs Incurred on or after the Billing Transition Date.

(1) *Components of the Delta Water Charge for Costs Incurred On or After the Billing Transition Date.* The Delta Water Charge for costs Incurred on or after the Billing Transition Date shall consist of the following components as these are computed in accordance with subdivisions (b)(2) through (b)(4) of this article:

(A) Capital component,

(B) Minimum operation, maintenance, power, and replacement component; and

(C) Variable operation, maintenance, and power component.

(2) *Determination of Charge Components.* These three components of the Delta Water Charge for each calendar year, together with that portion of the revenues derived during such calendar year from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during such calendar year the following categories, respectively, of the costs allocated pursuant to subdivisions (c)(1) through (c)(3) of this article to the purpose of water conservation in, above, and below the Delta.

(A) the capital component consisting of Capital Costs of Project Conservation Facilities to be recovered during such calendar year as and to the extent provided in subdivision (b)(3) of this article;

(B) the minimum operation, maintenance, power, and replacement component consisting of operation, maintenance, power, replacement costs of Project Conservation Facilities Incurred during such calendar year irrespective of the amount of Project Water delivered to the Contractors; and

(C) the variable operation, maintenance, and power component consisting of operation, maintenance, and power costs of Project Conservation Facilities Incurred during such calendar year in an amount

which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities; and *provided further* that revenues generated in connection with the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities shall not reduce or be credited against charges pursuant to subdivision (b)(3)(D)(i) of this article (charges for Water System Facility Revenue Bond Financing Costs);

(3) *Categories of Capital Costs.*

(A) The amount of the capital component of the Delta Water Charge shall be determined in three steps as follows:

(i) first, an allocation to the Agency of Capital Costs of Project Conservation Facilities as provided in subdivisions (c)(1) through (c)(3) of this article,

(ii) second, a determination of the type and source of payment of each Capital Cost in accordance with subdivision (b)(3)(B) of this article, and

(iii) third, a computation of the annual payment to be made by the Agency as provided in subdivision (b)(3)(C) and (b)(3)(D) of this article.

(B) Annual Capital Costs of Project Conservation Facilities shall be divided into five categories of type and source of payment:

(i) Project Conservation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(ii) Project Conservation Facility Capital Costs to be paid with the proceeds of Bonds issued under the Burns-Porter Bond Act,

(iii) Project Conservation Facility Capital Costs to be paid with amounts in the SWRDS Reinvestment Account,

(iv) Project Conservation Facility Capital Costs to be paid annually for assets that will have a short Economic Useful Life or

the costs of which are not substantial, and

(v) Project Conservation Facility Capital Costs prepaid by the Agency.

(C) The projected amounts of Project Conservation Facility Capital Costs in each such category to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (c)(1) through (c)(3) and (b)(6) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table B by the State.

TABLE B
PROJECTED ALLOCATIONS TO AGENCY OF PROJECT CONSERVATION FACILITY CAPITAL COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE

	Projected Allocations in Thousands of Dollars				
Year	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvest-ment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial	Costs Prepaid by the Agency
1*					
2					
3					

* Year commencing with the Billing Transition Date.

(D) The annual amount to be paid by the Agency under the capital component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following categories:

(i) Water System Facility Revenue Bonds: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Project Conservation Facilities,

(ii) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Conservation Facility Capital Costs,

(iii) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Conservation Facility Capital Costs Incurred during prior calendar years (but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account,

(iv) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Conservation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years,

(E) The projected amounts of each category of charges to be paid annually by the Agency under this capital component shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (b), which principles and procedures shall be controlling as to allocations of types of capital component charges to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table C by the State.

TABLE C
PROJECTED CHARGES TO AGENCY
UNDER THE CAPITAL COMPONENT OF THE DELTA WATER CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE

Year	Projected Charges in Thousands of Dollars			
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvestment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial
1				
2				
3				

* Year commencing with the Billing Transition Date.

(4) *Minimum Operation, Maintenance, Power and Replacement Charge – Determination; Repayment Table.*

The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(A) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table D by the State.

TABLE D
DELTA WATER CHARGE -- ESTIMATED MINIMUM OPERATION, MAINTENANCE, POWER AND REPLACEMENT COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE
AGENCY

Year	Total Annual Payment by Agency
1*	
2	
3	
4	

* Year commencing with the Billing Transition Date.

(5) *Variable Operation, Maintenance and Power Charge–Determination; Repayment Table.*

The amount to be paid each year by the Agency under the variable operation, maintenance and power component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(B) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table E by the State.

TABLE E
DELTA WATER CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE
AGENCY

Year	Total Annual Payment by Agency
1*	
2	
3	
4	

* Year commencing with the Billing Transition Date.

(6) *Allocation of Charges to the Agency.*

(A) The capital and minimum operation, maintenance, and power components of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the Agency's Annual Table A Amount for such calendar year to the total of the Annual Table A Amounts for all Contractors for such calendar year.

(B) The variable operation, maintenance, and power component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the number of acre-feet of Project Water delivered to the Agency during such calendar year to the number of acre-feet of Project Water delivered to all Contractors during such calendar year; *provided* that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be calculated as if the number of acre-feet wasted had been delivered.

(7) *Delta Water Charge -- Repayment Schedule.*

The amounts to be paid by the Agency for each year on or after the Billing Transition Date under the Capital Cost component, minimum operation, maintenance, power and replacement component and the variable operation, maintenance, and power component of the Delta Water Charge shall be set forth by the State in Table F, which Table F shall constitute a summation of Tables C, D, and E; *provided* that each of the amounts set forth in Table F shall be subject to redetermination by the State in accordance with Article 28; *provided further*

that the principles and procedures set forth in this Article 22 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

TABLE F
REPAYMENT SCHEDULE—DELTA WATER CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE
AGENCY

Year	Capital Cost Component	Minimum Component	Variable Component	Total
1*				
2				
3				
4				

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Delta Water Charge for Costs Incurred Both Before and On or After the Billing Transition Date**. The provisions of this subdivision (c) shall be applicable to costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Allocation of Costs to Project Purposes.*

(A) Prior to the time that Additional Project Conservation Facilities or Supplemental Conservation Facilities are constructed, the Delta Water Charge shall be determined on the basis of an allocation to project purposes, by the separable cost-remaining benefits method, of all actual and projected costs of all those Initial Project Conservation Facilities located in and above the Delta, and upon an allocation to the purposes of water conservation and water transportation, by the proportionate use of facilities method, of all actual and projected costs of the following Project Facilities located below the Delta: The aqueduct intake facilities at the Delta, Pumping Plant I (Delta Pumping Plant) <Harvey O. Banks Delta Pumping Plant>, the aqueduct from the Delta to San Luis Forebay (O'Neill Forebay), San Luis Forebay (O'Neill Forebay), and San Luis Reservoir: *provided,* that all of the actual and projected costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities shall be allocated to the purpose of water conservation in, above, and below the Delta; *provided further*, that allocations to purposes the cost of which are to be paid by the United States shall be as determined by the United

States.

(B) Wherever reference is made, in connection with the computation, determination, or payment of the Delta Water Charge, to the costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities that are reimbursable by the Contractors as determined by the State.

(C) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract "development of public recreation" shall include recreation capital and operation and maintenance.

(2) *Additional Conservation Facilities.* Commencing in the year in which the State first awards a major construction contract for construction of a major feature of Additional Project Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Additional Project Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the foregoing allocations and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to the foregoing provisos, of all projected costs of such feature of the Additional Project Conservation Facilities; *provided,* that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State; *provided, further,* that all costs of Additional Project Conservation Facilities Incurred prior to the award of a major construction contract, shall be included in the Delta Water Charge computations in the year in

which they are Incurred.

(3) *Supplemental Conservation Facilities.* Upon the construction of the Supplemental Conservation Facilities, the Delta Water Charge shall be paid by all Contractors for Supplemental Water, as well as by Contractors for Project Water, and, together with revenues derived from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities and Supplemental Conservation Facilities, shall return to the State, in addition to those costs of the Project Conservation Facilities allocated to the purpose of water conservation, in, above, and below the Delta pursuant to subdivision (c)(1) of this article, all costs of such Supplemental Conservation Facilities, including capital, operation, maintenance, power, and replacement costs which are allocated to the purpose of water conservation, in, above, and below the Delta pursuant hereto. Commencing in the year in which the State first awards a major construction contract for construction of a major feature of any Supplemental Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Supplemental Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the allocations made pursuant to subdivision (c)(1) of this article, and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to provisos corresponding to those contained in such subdivision (c)(1), of all projected costs of such feature of the Supplemental Conservation Facilities. Commencing in the same year, the computation of the rates to be used in determining the components of the Delta Water Charge shall include the Annual Table A Amounts under all contracts for Supplemental Water. If the repayment period of any bonds sold to construct Supplemental Conservation Facilities or the repayment period under any agreement with a federal agency for repayment of the costs of Supplemental Conservation Facilities constructed by such federal agency extends beyond the repayment period of the contract, the Delta Water Charge shall be determined and redetermined on the basis of such extended repayment period as the State determines to be appropriate; *provided,* that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State.

(4) *Local Projects.* The determination of the Delta Water Charge shall be made by including the appropriate costs and quantities of water, calculated in accordance with subdivisions (a) and (b) above, for all Additional Project Conservation Facilities as defined in Article 1(a). In the event a Local Project as defined in Article 1(a)(2) will, pursuant to written agreement between the State and the sponsoring Contractor, be considered and treated as an Additional Project Conservation Facility for less than the estimated life of the facility, the

Delta Water Charge will be determined on the basis of that portion of the appropriate cost and water supply associated with such facility as the period of time during which such facility shall be considered as an Additional Project Conservation Facility bears to the estimated life of such facility. No costs for the construction or implementation of any Local Project are to be included in the Delta Water Charge unless and until the written agreement required by Article 1(a) has been entered into.

(5) *Water Purchased By the State.* In calculating the Delta Water Charge under subdivisions (a) and (b) of this article, the component for operation, maintenance, power and replacement costs shall include, but not be limited to, all costs to the State Incurred in purchasing water, which is competitive with alternative sources as determined by the State, for delivery as Project Water.

(6) *Replacement Cost Treatment.* Replacement costs of Project Conservation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power, and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.

23. TRANSPORTATION CHARGE.

The payments to be made by each Contractor shall include an annual charge designated as the Transportation Charge, which shall be separately stated and calculated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) **Transportation Charge for Costs Incurred Prior to the Billing Transition Date**. The provisions of this subdivision (a) and Articles 24(a) and (c), 25 and 26 shall apply to costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Costs of Project Transportation Facilities*. The Transportation Charge for costs Incurred prior to the Billing Transition Date shall return to the State during the Project Repayment Period such costs of all Project Transportation Facilities necessary to deliver Project Water to the Contractor and which are allocated to the Contractor in accordance with the cost allocation principles and procedures hereinafter set forth.

(2) *Components of Transportation Charge for Costs Incurred Prior to the Billing Transition Date*. The Transportation Charge for costs Incurred Prior to the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, power, and replacement component; and a variable operation, maintenance and power component, as these components are defined in and determined under Articles 24(a) and (c), 25, and 26, respectively.

(b) **Transportation Charge for Costs Incurred On or After the Billing Transition Date**. The provisions of this subdivision (b) and Articles 24(b) and (c), 25 and 26 shall apply to costs Incurred on or after the Billing Transition Date.

(1) *Recovery of Costs of Project Transportation Facilities*. The Transportation Charge for costs Incurred on or after the Billing Transition Date shall return to the State during each such calendar year all costs which are Incurred on or after the Billing Transition Date of all Project Transportation Facilities necessary to deliver Project Water to the Agency and which are allocated to the Agency in accordance with the cost allocation principles and procedures hereinafter set forth.

(2) *Components of Transportation Charge.* The Transportation Charge for costs Incurred on or after the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, and power component; and a variable operation, maintenance, and power component, as these components are defined in and determined under Articles 24(b) and (c), 25, and 26, respectively.

(c) **Segregation of Aqueduct Reaches for All Transportation Charge**

Purposes. For the purpose of allocations of costs among Contractors pursuant to subdivisions (a) and (b) of this article, and Articles 24, 25 and 26, the Project Transportation Facilities shall be segregated into such aqueduct reaches as are determined by the State to be necessary for such allocations of costs. Subject to such modifications as are determined by the State to be required by reason of any request furnished by the Agency to the State pursuant to Article 17(a) of this contract, or by reason of contracts entered into by the State with other Contractors, the aqueduct reaches of the Project Transportation Facilities, a portion of the costs of which may be allocated to the Agency, are established as provided in Table G; *provided* that those costs of the aqueduct reaches from the Delta through the outlet of San Luis Reservoir which are allocated to the purpose of water conservation in, above, and below the Delta for the purpose of determining the Delta Water Charge, as hereinbefore set forth, shall not be included in the Transportation Charge.

TABLE G
PROJECT TRANSPORTATION FACILITIES NECESSARY TO DELIVER WATER TO AGENCY

Aqueduct Reach	Major Features of Reach
Barker Slough thru Fairfield/Vacaville Turnout	Intake Channel Fish Protective Facilities Barker Slough Pumping Plant Aqueduct
Fairfield/Vacaville Turnout to Cordelia Forebay	Aqueduct
Cordelia Forebay thru Benicia and Vallejo Turnouts	Cordelia Forebay (Solano portion) Cordelia Pumping Plant (Solano portion) Aqueduct

(This table was labeled Table I in original contract provisions)

(d) **Provisions Applicable to the Transportation Charge for Costs Incurred Both Before and On or After the Billing Transition Date.**

(1) Wherever reference is made, in connection with the computation, determination, or payment of the Transportation Charge, to the allocation or payment of costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities which are reimbursable by the Contractors as determined by the State.

(2) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract "development of public recreation" shall include recreation capital and operation and maintenance.

24. TRANSPORTATION CHARGE -- CAPITAL COMPONENTS.

(a) **Transportation Charge Capital Component for Costs Incurred Prior to the Billing Transition Date**. The provisions of this subdivision (a) shall apply only to Capital Costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date.* The amount of the capital component of the Transportation Charge for Capital Costs Incurred prior to the Billing Transition Date shall be determined in two steps as follows:

(A) first, an allocation of such costs to the Contractor in accordance with subdivision (a)(2) of this article, and

(B) second, a computation of annual payments to be made by the Contractor of such allocated costs and interest thereon, computed at the Project Interest Rate in accordance with subdivision (a)(3) of this article.

(2) *Allocation of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date.* The total amount of Capital Costs Incurred prior to the Billing Transition Date of each aqueduct reach to be returned to the State shall be allocated among all Contractors entitled to delivery of Project Water from or through such reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

The projected amounts of Capital Costs to be allocated annually to the Agency under the capital component of the Transportation Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (a) and subdivision (c)(1) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency. Such amounts will be set forth in Table H by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28.

TABLE H
PROJECTED ALLOCATIONS OF CAPITAL COSTS INCURRED PRIOR TO THE BILLING TRANSITION DATE OF PROJECT TRANSPORTATION FACILITIES TO AGENCY

Year	Projected Allocation in Thousands of Dollars
1*	
2	
3	
4	

* Year in which State commences construction of Project Transportation Facilities.
(This table was labeled Table C in original contract provisions)

(3) *Determination of Capital Component of Transportation Charge for Costs Incurred Prior to the Billing Transition Date.* The Agency's annual payment of its allocated Capital Costs Incurred prior to the Billing Transition Date and interest thereon, computed at the Project Interest Rate and compounded annually, shall be determined in accordance with a repayment schedule established by the State and determined in accordance with the principles set forth in (A), (B), and (C) below, which principles shall be controlling as to the Agency's payment of its allocated Capital Costs. The Agency's repayment schedule will be set forth in Table I by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table I shall be subject to redetermination by the State, pursuant to Article 28.

(A) The Agency's annual payment shall be the sum of the amounts due from the Agency on the Agency's allocated Capital Costs for the then current year and for each previous year where each such amount will pay, in not more than fifty (50) equal annual installments of principal and interest, the Agency's allocated Capital Costs for the respective year and interest thereon, computed at the Project Interest Rate and compounded annually.

(B) The Agency may make payments at a more rapid rate if approved by the State.

(C) Such annual Transportation Charge payments shall cease when all allocated Capital Costs and interest thereon, computed at the Project Interest Rate and compounded annually, are repaid.

TABLE I
TRANSPORTATION CHARGE FOR COSTS INCURRED PRIOR TO THE BILLING TRANSITION DATE-- CAPITAL COST COMPONENT
AGENCY
(In Thousands of Dollars)

Year	Annual Payment of Principal	Annual Interest Payment	Total Annual Payment by Agency
1*			
2**			
3			
4			

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.

(This table was labeled Table D in original contract provisions)

(4) Notwithstanding provisions of subdivisions 24(a)(1) through (a)(3) of this article, the capital component of the Transportation Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency's share of the portion of Water System Facility Revenue Bond Financing Costs allocable to Project Transportation Facilities. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).

(b) **Transportation Charge Capital Component for Costs Incurred On or After the Billing Transition Date**. The provisions of this subdivision (b) shall apply only to Capital Costs Incurred on or after the Billing Transition Date.

(1) The amount of the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined in three steps as follows:

(A) first, an allocation of Capital Costs to the Contractor as provided in subdivision (b)(2) of this article,

(B) second, a determination of the type and source of payment of each Capital Cost as provided in subdivision (b)(3) of this article, and

(C) third, a computation of the annual payment to be made by the Contractor as provided in subdivision (b)(4) and (b)(5) of this article.

(2) The total amount of Capital Costs of each aqueduct reach to be returned to the State under the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

(3) Annual Capital Costs of Project Transportation Facilities shall be divided into five categories of type and source of payment:

(A) Project Transportation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(B) Project Transportation Facility Capital Costs paid with the proceeds of bonds issued under the Burns-Porter Bond Act,

(C) Project Transportation Facility Capital Costs paid with amounts in the SWRDS Reinvestment Account,

(D) Project Transportation Facility Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and

(E) Project Transportation Facility Capital Costs prepaid by the Agency.

The projected amounts of Project Transportation Facility Capital Costs of each type to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in Article 23(c)(1) through (c)(3) and this subdivision (b)(3), which principles and procedures shall be controlling as to allocations of each type of Capital Costs to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table J by the State.

TABLE J
PROJECTED ALLOCATIONS TO AGENCY OF PROJECT TRANSPORTATION FACILITY CAPITAL COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE

Year	Allocations in Thousands of Dollars				
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvest-ment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial	Costs Prepaid by the Agency
1*					
2					
3					

* Year commencing with the Billing Transition Date

(4) The capital component of the Transportation Charge for a calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following to the extent the related Capital Costs are allocated to the Agency:

(A) Water System Facility Revenue Bond: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Water System Facilities that are Project Transportation Facilities,

(B) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Transportation Facility Capital Costs,

(C) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Transportation Facility Capital Costs Incurred during prior calendar years

(but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(D) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Transportation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years,

(5) *Projected Charges.* The projected amounts of the charges to be allocated annually to the Agency under the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this Article, which principles and procedures shall be controlling as to allocations of capital component charges to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table K by the State.

TABLE K
PROJECTED CHARGES UNDER THE CAPITAL COMPONENT OF THE TRANSPORTATION CHARGE FOR COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE TO AGENCY

Year	Projected Charges in Thousands of Dollars			
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	**Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act**	**Costs to be Paid with Amounts in the SWRDS Reinvestment Account**	**Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial**
1*				
2				
3				

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Transportation Charge For Costs Incurred Both Prior To and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to Capital Costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Proportionate Use Factors.* The measure of the proportionate use by each Contractor of each reach shall be the average of the following two ratios:

(A) the ratio of the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach to the total of the Maximum Annual Table A Amounts of all Contractors to be delivered from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period, and

(B) the ratio of the capacity provided in the reach for the transport and delivery of Project Water to the Contractor to the total capacity provided in the reach for the transport and delivery of Project Water to all Contractors served from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period.

Allocations of Capital Costs to the Agency pursuant hereto shall be on the basis of relevant values which will be set forth in Table L by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach of the Project Transportation Facilities for the transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that these values shall be subject to redetermination by the State in accordance with Article 28; *provided further* that the principles and procedures set forth in this subdivision shall be controlling as to allocations of Capital Costs to the Agency. Proportionate use of facilities factors for prior years shall not be adjusted by the State in response to changes or transfers of Table A Amounts among Contractors unless otherwise agreed by the State and the parties to the transfer and unless there is no impact on past charges or credits of other Contractors.

TABLE L
[TABLE L shall set forth the relevant values that shall serve as the basis for allocation of all Transportation Charge Costs]
(This table was labeled Table B in original contract provisions)

(2) *Determinations Using Proportionate Use Factors.* The total amount in each category of Capital Costs allocated to a Contractor shall be the sum of the products obtained when there is multiplied, for each aqueduct reach necessary to deliver water to the Contractor, the total amount of the Capital Costs of the reach in that category to be returned to the State under the Transportation Charge by the average of the two foregoing ratios for such reach as such average is set forth in the appropriate table included in its contract.

(3) *Excess Capacity.* In the event that excess capacity is provided in any aqueduct reach for the purpose of making Project Water available in the future to an agency or agencies with which the State has not executed contracts at the time of any allocation of costs pursuant to this subdivision, the prospective Maximum Annual Table A Amount or Amounts to be supplied by such excess capacity, as determined by the State, shall be deemed to be contracted for by such agency or agencies for the purpose of such allocation of costs, to the end that the Capital Costs of providing such excess capacity are not charged to any Contractor entitled by virtue of an executed contract to the delivery of Project Water from or through that aqueduct reach at the time of such allocation. Where additional capacity is provided in any aqueduct reach to compensate for loss of water due to evaporation, leakage, seepage, or other causes, or to compensate for scheduled outages for purposes of necessary investigation, inspection, maintenance, repair or replacement of the facilities of the Project Facilities, then, for the purpose of any allocation of costs pursuant to this subdivision:

(A) the Maximum Annual Table A Amount to be delivered from or through the reach of each Contractor entitled to delivery of Project Water from or through the reach shall be increased by an amount which bears the same proportion to the maximum annual delivery capability provided by such additional capacity that the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach bears to the total of the Maximum Annual Table A Amounts to be delivered from or through the reach under all contracts; and

(B) the capacity provided in the reach for each Contractor entitled to delivery of Project Water from or through the reach shall be increased in the same proportion that the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach is increased pursuant to (A) above.

(4) *Power Facilities.* The Capital Costs of project aqueduct power recovery plants shall be charged and allocated in accordance with this Article 24. The Capital Costs of off-aqueduct power facilities shall be charged and allocated in accordance with Article 25(d).

(5) *Capital Costs of Excess Capacity.* In the event that any Contractor, pursuant to Article 12(b), requests delivery capacity in any aqueduct reach which will permit maximum monthly deliveries to such Contractor in excess of the percentage amounts specified in such Article 12(b) for the uses designated therein, such Contractor shall furnish to the State, in advance of the construction of such aqueduct reach, funds sufficient to cover the costs of providing such excess capacity, which funds shall be in an amount which bears the same proportion to the total Capital Costs of such reach, including the costs of providing such excess capacity, as such excess capacity bears to the total capacity of such reach, including such excess capacity. For the purpose of any allocation of costs pursuant to subdivision (c)(1) of this article, the total Capital Costs of such aqueduct reach shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach in the following manner:

(A) The costs which would have been Incurred for such reach had no such excess capacity been provided shall be estimated by the State and allocated among all such Contractors in the manner provided in such subdivision (c)(1); and

(B) the amount of the difference between such estimated costs and the projected actual costs of such reach shall be allocated to the Contractor or Contractors for which such excess capacity is provided.

Where such excess capacity is provided for more than one Contractor, the costs allocated to them under (B) above shall be further allocated between or among them in amounts which bear the same proportion to the total of such allocated costs as the amount of such excess capacity provided for the respective Contractor bears to the total of such excess capacity provided in such reach. In the event that the funds advanced by a Contractor pursuant to this subdivision are more or less than the costs so allocated to such Contractor under (B) above, the account of such Contractor shall be credited or debited accordingly.

(6) *Replacement Cost Treatment.* Replacement costs of Project Transportation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.

(7) *East Branch Enlargement.* Notwithstanding provisions of Articles 24(a) through 24(c), Capital Costs associated with East Branch Enlargement

Facilities as defined in Article 49(a) shall be collected under the capital component of the East Branch Enlargement Transportation Charge Article 49(d). Any Capital Costs of off-aqueduct power facilities associated with deliveries through East Branch Enlargement Facilities shall be charged and allocated in accordance with Article 25(d).

25. TRANSPORTATION CHARGE -- MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT.

The provisions of this article shall apply to costs incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose**. The minimum operation, maintenance, power, and replacement component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to subdivision (b) of this article; *provided* that to the extent permitted by law, the State may establish reserve funds to meet anticipated minimum replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the minimum replacement costs for the year in which such deposits are made

(b) **Allocation**. The total projected minimum operation, maintenance, power, and replacement costs of each aqueduct reach of the Project Transportation Facilities for the respective year shall be allocated among all Contractors entitled to delivery of Project Water from such facilities by the proportionate use of facilities method of cost allocation, in the same manner and upon the same bases as are set forth for the allocation of Capital Costs in subdivisions (c)(1) through (c)(3) of Article 24; *provided* that such minimum operation, maintenance, power, and replacement costs as are Incurred generally for the Project Transportation Facilities first shall be allocated to each aqueduct reach in an amount which bears the same proportion to the total amount of such general costs that the amount of the costs Incurred directly for the reach bears to the total of all direct costs for all aqueduct reaches.

(c) **Determination; Repayment Table**. The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall be determined in accordance with subdivision (b) of this article on the basis of the relevant values to be set forth for the respective aqueduct reaches in Table L, included in Article 24; *provided* that these values shall be subject to redetermination by the State in accordance with Article 28. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table M as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table M shall be subject to redetermination by the State in accordance with Article 28.

TABLE M
TRANSPORTATION CHARGE -- MINIMUM OPERATION MAINTENANCE, POWER, AND REPLACEMENT COMPONENT
AGENCY

Year	Total Annual Payment by Agency*
1**	
2	
3	
4	

* Payment shall start with respect to each aqueduct reach in the year following the year in which the State completes construction of the respective reach.

** Year in which the State commences construction of Project Transportation Facilities.

(This table was labeled Table E in original contract provisions)

(d) **Off-Aqueduct Power Facilities**. Notwithstanding the provisions of subdivisions (a) through (c) of this Article or of Article 1(h), the costs of off-aqueduct power facilities shall be determined and allocated as follows:

(1) The off-aqueduct power costs shall include all annual costs the State incurs for any off-aqueduct power facility, which shall include, but not be limited to, power purchases, annual Financing Costs, and associated operation and maintenance costs of such facility, less any credits, interest earnings, or other monies received by the State in connection with such facility or Revenue Bonds issued to finance the Capital Costs of such facility. In the event the State finances all or any part of an off-aqueduct power facility directly from funds other than bonds or borrowed funds, in lieu of such annual principal and interest payments, the repayment of Capital Costs as to that part financed by such other funds shall be determined on the basis of the schedule that would have been required under Article 24.

(2) The annual costs of off-aqueduct power facilities as computed in (1) above shall initially be allocated among Contractors in amounts which bear the same proportions to the total amount of such power costs that the total estimated electrical energy (kilowatt hours) required to pump through Project Transportation Facilities the desired delivery of Annual Table A Amounts for that year, as submitted pursuant to Article 12(a)(1) and as may be modified by the State pursuant to Article 12(a)(2), bears to the total estimated electrical energy

(kilowatt hours) required to pump all such amounts for all Contractors through Project Transportation Facilities for that year, all as determined by the State.

(3) An interim adjustment in the allocation of the power costs calculated in accordance with (2) above, may be made in May of each year based on April revisions in approved schedules of deliveries of project and nonproject water for Contractors for such year. A further adjustment shall be made in the following year based on actual deliveries of project and nonproject water for Contractors; *provided, however,* that in the event no deliveries are made through a pumping plant, the adjustments shall not be made for that year at that plant.

(4) To the extent the monies received or to be received by the State from all Contractors for off-aqueduct power costs in any year are determined by the State to be less than the amount required to pay the off-aqueduct power costs in such year, the State may allocate and charge that amount of off-aqueduct power costs to the Agency and other Contractors in the same manner as costs under the capital component of the Transportation Charge are allocated and charged. After that amount has been so allocated, charged and collected, the State shall provide a reallocation of the amounts allocated pursuant to this paragraph (4), such reallocation to be based on the allocations made pursuant to (2) and (3) above for that year, or in the event no such allocation was made for that year, on the last previous allocation made pursuant to (2) and (3) above. Any such reallocation of costs incurred prior to the Billing Transition Date shall include appropriate interest thereon at the Project Interest Rate.

(e) The total minimum operation, maintenance, power and replacement component due that year from each Contractor shall be the sum of the allocations made under the proportionate use of facilities method provided in subdivision (b) of this article and the allocations made pursuant to subdivision (d) of this article for each Contractor.

(f) Notwithstanding provisions of Articles 25(a) through 25(c) and 25(e), minimum operation, maintenance, power, and replacement costs associated with deliveries through East Branch Enlargement Facilities as defined in Article 49(a) shall be collected under the minimum operation, maintenance, power, and replacement component of the East Branch Enlargement Transportation Charge as determined under Article 49(e).

26. TRANSPORTATION CHARGE -- VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose**. The variable operation, maintenance, and power component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to (1) and (2) below; *provided* that to the extent permitted by law, the State may establish reserve funds to meet anticipated variable replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the variable replacement costs for the year in which such deposits are made.

(b) **Determination**. The amount of this variable operation, maintenance, and power component shall be determined as follows:

(1) *Determination of Charge Per Acre-Foot.* There shall be computed for each calendar year for each aqueduct reach of the Project Transportation Facilities a charge per acre-foot of water which will return to the State the total projected variable operation, maintenance and power costs of the reach for such calendar year. This computation shall be made by dividing such total by the number of acre-feet of Project Water estimated to be delivered from or through the reach to all Contractors during the year.

(2) *Determination of Charge Per Reach to the Contractor.* The amount of the variable component shall be the product of the sum of the charges per acre-foot of water, determined under (1) above, for each aqueduct reach necessary to deliver water to the Contractor, and the number of acre-feet of Project Water delivered to the Contractor during the year through such reach; *provided* that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, the amount of such variable component to be paid by such Contractor during such period shall be the product of the above sum and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(c) **Credit Relating to Project Aqueduct Power Recovery Plants**. There shall be credited against the amount of the variable operation, maintenance, and power component to be paid by each Contractor, as determined pursuant to subdivision (a) of

this article, a portion of the projected net value of any power recovered during the respective year at project aqueduct power recovery plants located upstream on the particular aqueduct reach from the delivery structures for delivery of Project Water to the Contractor. Such portion shall be in an amount which bears the same proportion to such projected net value that the number of acre-feet of Project Water delivered to the Contractor through such plants during the year bears to the number of acre-feet of Project Water delivered to all Contractors through such plants during the year.

(d) **Determination of Total Variable Component Charge**. The amount to be paid each year by the Agency under the variable operation, maintenance, and power component of the Transportation Charge shall be determined in accordance with subdivision (a) of this article for the respective aqueduct reaches in Table L included in Article 24. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table N as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table N shall be subject to redetermination by the State in accordance with Article 28.

TABLE N
TRANSPORTATION CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE, AND POWER COMPONENT
AGENCY

Year	Total Annual Payment by Agency*
1**	
2	
3	
4	

* Payments start with year of initial water delivery.

** Year in which the State commences construction of the Project Conservation Facilities.

(This table was labeled Table F in original contract provisions)

(e) **No Separate Variable Component for East Branch Enlargement Facilities**. There shall be no separate variable operation, maintenance, and power component for deliveries of water through East Branch Enlargement Facilities defined in Article 49(a).

27. TRANSPORTATION CHARGE -- REPAYMENT SCHEDULE.

The amounts to be paid by the Agency for each year under the Capital Cost and minimum operation, maintenance, power, and replacement components of the Transportation Charge, and under the variable operation, maintenance, and power component of such charge on the basis of then estimated deliveries, shall be set forth by the State in Table O as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), which Table O shall constitute a summation of Tables I, K, M, and N; *provided* that each of the amounts set forth in Table O shall be subject to redetermination by the State in accordance with Article 28; *provided further* that the principles and procedures set forth in Articles 24, 25, and 26 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

TABLE O
REPAYMENT SCHEDULE--TRANSPORTATION CHARGE
AGENCY

Year	Capital Cost Component	Minimum Component	Variable Component	Total
1*				
2**				
3				
4				

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.

(This table was labeled Table G in original contract provisions)

28. DELTA WATER CHARGE AND TRANSPORTATION CHARGE -- REDETERMINATION.

(a) **Redetermination of Transportation Charges for Costs Incurred Prior to the Billing Transition Date**. The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) *Determinative Factors Subject to Retroactive Change*. The State shall redetermine the values and amounts set forth in Tables H through O (referred to in the original contract provisions as Tables B through G) of this contract in the year following the year in which the State commences construction of the Project Transportation Facilities and each year thereafter during the Project Repayment Period in order that the Transportation Charge to the Agency and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred prior to the Billing Transition Date to construct the Project Transportation Facilities described in Table G of this contract, Annual Table A Amounts, estimated deliveries, Project Interest Rate, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in (b) and (c) below.

(2) *Adjustment: Transportation Charge -- Capital Component For Costs Incurred Prior to the Billing Transition Date*. Adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency for costs Incurred prior to the Billing Transition Date, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination, shall be paid in the year following the redetermination; *provided* that the Agency may elect to exercise the option whereby when the redetermined Transportation Charge for the following year, with adjustments, including adjustments of the operation, maintenance, power, and replacement components provided for in subdivision (a)(3) of this article, is more or less than the last estimate of the charge provided pursuant to Article 27 for the corresponding year, without adjustments, an amount equal to the total of such difference shall be deducted

from or added to the adjusted capital component for that year and paid or credited in accordance with the following schedule:

Percent that Transportation Charge for costs Incurred prior to the Billing Transition Date differs from last estimate (+ or -)	**Period, in years, for amortizing the difference in indicated charge**
for 10% or less	no amortization
more than 10%, but not more than 20%	2
more than 20%, but not more than 30%	3
more than 30%, but not more than 40%	4
more than 40%	5

Such payments or credits shall be equal semi-annual amounts of principal and interest on or before the 1st day of January and the 1st day of July, with interest computed at the Project Interest Rate and compounded annually, during varying amortization periods as set forth in the preceding schedule; *provided* that for the purpose of determining the above differences in the Transportation Charge for costs Incurred prior to the Billing Transition Date, the variable operation, maintenance, and power component shall be computed on the basis of the same estimated Project Water deliveries as was assumed in computing pursuant to Article 26(c).

(3) *Adjustment: Transportation Charge -- Minimum and Variable Components for costs Incurred prior to the Billing Transition Date.* One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum and variable operation, power, and replacement components for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination.

(4) *Exercise of Option.* The option provided for in subdivision (a)(2) of this article shall be exercised in writing on or before the January 1 due date of the first payment of the capital component of the Transportation Charge for the year in which the option is to become effective. Such option, once having been exercised, shall be applicable for all of the remaining years of the Project Repayment Period.

(5) *Project Interest Rate Adjustments.* Notwithstanding the provisions of subdivision (a)(2) of this article, adjustments for prior overpayments and underpayments shall be repaid beginning in the year following the

redetermination by application of a unit rate per acre-foot which, when paid for the projected portion of the Agency's Annual Table A Amount will return to the State, during the Project Repayment Period, together with interest thereon computed at the Project Interest Rate and compounded annually, the full amount of the adjustments resulting from financing after January 1, 1987, from all bonds, advances, or loans listed in Article 1(ad) except for Article 1(ad)(3) and except for bonds issued by the State under the Central Valley Project Act after January 1, 1987 for facilities not listed among the Water System Facilities in Article 1(ap). Notwithstanding the immediately preceding exception, such amortization shall also apply to any adjustments in this component charge resulting from a change in the Project Interest Rate due to any refunding after January 1, 1986 on bonds issued under the Central Valley Project Act. However, amortization of adjustments resulting from items listed in subdivisions (1)(ad)(4) through (7) of Article 1 shall be limited to a period which would allow the Department to repay the debt service on a current basis until such time as bonds are issued to reimburse the source of such funding. In no event shall this amortization period be greater than the Project Repayment Period.

(6) *No Adjustment of Water System Facility Revenue Bond Financing Costs.* The use of Water System Facility Revenue Bonds for financing facilities listed in Article 1(ap) shall not result in adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency under the provisions of this article. In place of making such adjustments, charges to the Agency for Water System Facility Revenue Bond Financing Costs will be governed by Article 50(a).

(b) **Redetermination of Delta Water Charges and Transportation Charges for Costs Incurred On or After the Billing Transition Date**. The provisions of this subdivision (b) shall apply only to costs Incurred on or after the Billing Transition Date.

(1) *Determinative Factors Subject to Retroactive Change.* The State shall redetermine the values and amounts set forth in Tables B through F and Tables J through O of this contract each calendar year commencing on or after the Billing Transition Date in order that the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct Project Conservation Facilities and Project Transportation Facilities, Annual Table A Amounts, estimated deliveries, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Delta Water Charge and Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State, as

applicable. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in subdivisions (b)(2) and (b)(3) of this article.

(2) *Adjustment: Delta Water Charge and Transportation Charge -- Capital Components for Costs Incurred On or After the Billing Transition Date.* Adjustments for prior underpayments or overpayments of the capital component of the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date shall be paid in the year following the redetermination.

(3) *Adjustment: Delta Water Charge and Transportation Charge -- Minimum and Variable Components for Costs Incurred On or After the Billing Transition Date* One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum operation, maintenance, power, and replacement component and variable operation, maintenance and power component of the Delta Water Charge and Transportation Charge for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination.

29. TIME AND METHOD OF PAYMENT OF DELTA WATER CHARGE AND TRANSPORTATION CHARGE.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date. References to the Delta Water Charge shall include the Delta Water Charge for costs Incurred prior to the Billing Transition Date and the Delta Water Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable, and references to the Transportation Charge shall include the Transportation Charge for costs Incurred prior to the Billing Transition Date and the Transportation Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable.

(a) **Initial Payments**.

(1) *Delta Water Charge.* Payments by the Agency under the Delta Water Charge shall commence in the Year of Initial Water Delivery to the Agency.

(2) *Capital Component of the Transportation Charge.* Payments by the Agency under the capital component of the Transportation Charge shall commence in the year following the year in which the State commences construction of the Project Transportation Facilities.

(3) *Minimum Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall commence for each aqueduct reach in the year following the year in which construction of that reach is completed.

(4) *Variable Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the variable operation, maintenance, power and replacement component of the Transportation Charge shall commence in the Year of Initial Water Delivery to the Agency.

(b) **Annual Statement of Charges**. The State shall, on or before July 1 of each year, commencing with the year preceding the year in which payment of the respective charge is to commence pursuant to this article, furnish the Agency with a written statement of the following items:

(1) the charges to the Agency for the next succeeding year under the capital components and minimum operation, maintenance, power, and replacement components of the Delta Water Charges and Transportation Charges; *provided* that charges for Financing Costs shall be stated as separate items in the Statement of Charges;

(2) the unit charges to the Agency for the next succeeding year under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge; and

(3) the total charges to the Agency for the preceding year under the variable operation, maintenance, power and replacement components of such Delta Water Charge and Transportation Charge; *provided* that through December 31, 1969, the Delta Water Charge shall be based upon a unit rate of $3.50 per acre-foot and shall be paid by the Contractors on the basis of their respective Annual Table A Amounts, as provided in Article 22(b).

All such statements shall be accompanied by the latest revised copies of the documents amendatory to Article 22 and of the tables included in Articles 24 through 27, together with such other data and computations used by the State in determining the amounts of the above charges as the State deems appropriate.

(c) **Monthly Statements**. The State shall, on or before the fifteenth day of each month of each year, commencing with the Year of Initial Water Delivery to the Agency, furnish the Agency with a statement of the charges to the Agency for the preceding month under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge. Such charges shall be determined by the State in accordance with the relevant provisions of Articles 22 and 26 of this contract, upon the basis of metered deliveries of Project Water to the Agency, except as otherwise provided in those articles.

(d) **Semiannual Payments of Capital Components**. The Agency shall pay to the State, on or before January 1 of each year, one-half (1/2) of the charge to the Agency for the year under the capital component of the Delta Water Charge and one-half (1/2) of the charge to the Agency for the year under the capital component of the Transportation Charge, as such charges are stated pursuant to subdivision (b) of this article; and shall pay the remaining one-half (1/2) of each of such charges on or before July 1 of that year.

(e) **Monthly Payments of Minimum Operation, Maintenance, Power, and Replacement Component**. The Agency shall pay to the State, on or before the first day of each month of each year, one-twelfth (1/12) of the sum of the charges to the Agency for the year under the minimum operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, as such charges are stated pursuant to subdivision (b) of this article.

(f) **Monthly Payments of Variable Operation, Maintenance, Power, and Replacement Component**. The Agency shall pay to the State on or before the fifteenth day of each month of each year, the charges to the Agency under the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, for which a statement was received by

the Agency during the preceding month pursuant to subdivision (c) of this article, as such charges are stated in such statement.

(g) **Contest of Charges**. In the event that the Agency in good faith contests the accuracy of any statement submitted to it pursuant to subdivision (b) or (c) of this article, it shall give the State notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that the State finds the Agency's contentions regarding the statement to be correct, it shall revise the statement accordingly, and the Agency shall make payment of the revised amounts on or before the due date. To the extent that the State does not find the Agency's contentions to be correct, or where time is not available for a review of such contentions prior to the due date, the Agency shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from the State.

50. WATER SYSTEM FACILITY REVENUE BOND FINANCING COSTS.

(a) **Water System Facility Revenue Bonds to Finance Capital Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred prior to the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds.

(1) *Elements of Charge.* Annual charges to recover such Water System Facility Revenue Bond Financing Costs shall consist of two elements.

(A) The first element shall be an annual charge to the Agency for repayment of Capital Costs of Water System Facilities as determined under Articles 22(a) and 24(a) of this contract with interest at the Project Interest Rate. For conservation facilities, the charge shall be a part of the capital component of the Delta Water Charge in accordance with the provisions of Article 22(a) applicable to Capital Costs Incurred prior to the Billing Transition Date. For transportation facilities, the charge shall be a part of the capital component of the Transportation Charge in accordance with the provisions of Article 24(a) applicable to Capital Costs Incurred prior to the Billing Transition Date.

(B) The second element shall be the Agency's share of a Water System Facility Revenue Bond Surcharge to be paid in lieu of a Project Interest Rate adjustment. The total annual amount to be paid by all Contractors under this element shall be the difference between the total annual charges under the first element and the annual Financing Costs of the related Water System Facility Revenue Bonds. The amount to be paid by each Contractor shall be calculated annually as if the Project Interest Rate were increased to the extent necessary to produce revenues from all Contractors sufficient to pay such difference for that year. In making that calculation, adjustments in the Agency's transportation capital component charges for prior overpayments and underpayments shall be determined as if amortized over the remaining years of the Project Repayment Period.

(2) *Identification of Surcharge on Invoices.* The Water System Facility Revenue Bond Surcharge will be identified in the Agency's invoice.

(3) *Timing of Surcharge Payments.* Surcharge payments shall be made in accordance with Article 29(f) of this contract.

(4) *Termination of Surcharge.* The Water System Facility Revenue Bond Surcharge under Article 50(a)(1)(B) shall cease for each series of Water

System Facility Revenue Bonds when that series is fully repaid. However, the annual charge determined pursuant to Article 50(a)(1)(A) shall continue to be collected for the time periods otherwise required under Articles 22 and 24.

(5) *Reduction of Charges.* After the Department has repaid the California Water Fund in full and after each series of Water System Facility Revenue Bonds is repaid, the Department will reduce the charges to all Contractors in an equitable manner in a total amount that equals the amount of the charges under Article 50(a)(1)(A) that the Department determines is not needed for future financing of facilities of the System which, in whole or in part, will serve the purposes of the water supply contract with the Agency.

(b) **Water System Facility Revenue Bonds to Finance Capital Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred on or after the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds. The amount of this charge shall be calculated in two steps as follows:

(1) *Allocation of Water System Facility Capital Costs.* Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are conservation facilities shall be allocated among all Contractors in proportion to each Contractor's Maximum Annual Table A Amount. Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are transportation facilities shall be allocated among all Contractors in accordance with Article 24(c).

(2) *Determination of Annual Financing Cost Amounts.* The State shall determine and charge the Agency each year the amount of the Financing Costs the State incurs in that year for the Water System Facility Revenue Bonds issued to finance such Water System Facility Capital Costs allocated to the Agency.

(c) **Provisions Applicable to All Water System Facility Revenue Bonds.** The provisions of this article shall apply to all Water System Facility Revenue Bonds.

(1) *Credits for Excess Amounts.* The State shall provide credits to the Contractors for excess reserve funds, excess debt service coverage, interest, and other earnings of the State in connection with payment of the Financing Costs of such Water System Facility Revenue Bonds, when and as permitted by the applicable bond resolution or indenture. When such credits are determined by the State to be available, such credits shall be promptly provided to the Contractors and shall be in proportion to the payments of Water System Facility Revenue Bond Financing Costs from each Contractor. Reserves, bond debt

service coverage, interest, and other earnings may be used to retire bonds.

(2) *Allocation of Maturities Permitted.* When calculating charges for Water System Facility Revenue Bond Financing Costs, the State may allocate portions of particular maturities of Water System Facility Revenue Bonds and the Financing Costs associated with such maturities to particular Water System Facilities, in order to establish a reasonable relationship between the Economic Useful Life of such facilities and the term of bonds issued to finance such facilities, and may determine the Financing Costs allocated to the Agency on the basis of such maturity allocation.

(3) *Supplemental Bills for Unanticipated Financing Costs.* The State may submit a supplemental bill to the Agency for the year if necessary to meet unanticipated costs for Water System Facility Revenue Bond Financing Costs for which the State can issue a statement of charges under this article and any other article of this contract providing for payments that are pledged to the payment of Revenue Bonds issued to finance Project Facility Capital Costs allocated to the Agency. The relative amounts of any supplemental billing made to the Agency and to other Contractors for Revenue Bond purposes shall be governed by the otherwise applicable article. Payment of any supplemental billing shall be due thirty days after the date of the invoice.

(4) *Insurance on Contractor Obligations.* To the extent economically feasible and justifiable, as determined by the State after consultation with Contractors, the State shall maintain insurance or other forms of security protecting bondholders and non-defaulting Contractors against costs resulting from the failure of any Contractor to make the payments required by this article.

(5) *Consultation on Financing Plan.* Before issuing each series of Water System Facility Revenue Bonds, the State shall consult with the Contractors, prepare a plan for the State's future financing of Water System Facilities, and give the Agency an opportunity to comment on the plan. The plan shall include but not be limited to the size of any Water System Facility Revenue Bond issuances and the form of any necessary resolutions, indentures or supplements.

(6) *Defaults.*

(A) If a Contractor defaults partially or entirely on its payment obligations with respect to Water System Facility Revenue Bond Financing Costs and sufficient insurance or other security protecting the non-defaulting Contractors is not provided under subdivision (c)(4) of this article, the State shall allocate a portion of the default to each non-defaulting Contractor. The Agency's share of the default shall be equal to an amount determined by multiplying the total default amount to be charged to all non-defaulting Contractors by the ratio that the Agency's

Maximum Annual Table A Amount bears to the total of the Maximum Annual Table A Amounts of all non-defaulting Contractors. However, such amount shall not exceed in any year 25 percent of the Water System Facility Revenue Bond Financing Costs that are otherwise payable by the Agency in that year. The amount of default to be charged to non-defaulting Contractors shall be reduced by any receipts from insurance protecting non-defaulting Contractors and bond debt service coverage from a prior year and available for such purpose.

(B) If a Contractor defaults partially or entirely on its payment obligations under this article, the State shall also pursuant to Article 20, upon six months' notice to the defaulting Contractor, suspend water deliveries under Article 20 to the defaulting Contractor so long as the default continues. The suspension of water deliveries shall be proportional to the ratio of the default to the total Water System Facility Revenue Bond Financing Cost payments due from the defaulting Contractor. However, the State may reduce, eliminate, or not commence suspension of deliveries pursuant to this subparagraph if it determines suspension in the amounts otherwise required is likely to impair the defaulting Contractor's ability to avoid further defaults or that there would be insufficient water for human consumption, sanitation, and fire protection. The State may distribute the suspended water to the non-defaulting Contractors on terms it determines to be equitable.

(C) During the period of default, credits otherwise due the defaulting Contractor shall be applied to payments due from the defaulting Contractor.

(D) Except as otherwise provided in subparagraph (c) of this article, the defaulting Contractor shall repay the entire amount of the default to the State with interest compounded annually at the Surplus Money Investment Fund rate before water deliveries that had been suspended shall be fully resumed to that Contractor. If the defaulting Contractor makes a partial repayment of its default, the Department may provide a proportional restoration of suspended deliveries. The amount of the default to be repaid shall include any amounts previously received by the State from insurance proceeds, bond debt service coverage, or other reserves, and payments from other Contractors pursuant to this subparagraph (c)(6). The defaulting Contractor shall not be entitled to any

make-up water deliveries as compensation for any water deliveries suspended during the period when the Contractor was in default.

(E) At such time as the default amount is repaid by the defaulting Contractor, the non-defaulting Contractors shall receive credits in proportion to their contributions towards the amount of the default with interest collected by the State on the defaulted amount.

(F) In the event there is an increase in the amount a non-defaulting Contractor contributes to reserves and/or bond debt service coverage, such increase shall be handled in the same manner as provided in subparagraph (a) of this article.

(G) Action taken pursuant to this subdivision shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

(7) *No Article 51 Reduction.* Amounts of Water System Facility Revenue Bond Financing Costs payable under this contract shall not be affected by any reductions in payments pursuant to Article 51.

(8) *Contract Extension.* In the event the Contract Extension Amendment takes effect, but not all Contractors sign the amendment, the following shall apply: If and to the extent that the charges under Article 50(b)(1) and 50(b)(2) of the water supply contracts of Contractors that have not executed the Contract Extension Amendment ("non-signing Contractors") are not sufficient to recover the annual Financing Costs that relate to Revenue Bonds issued to finance capital costs that are Incurred after the Billing Transition Date and are allocable to such non-signing Contractors, the amount of the shortfall shall be determined. Such shortfall shall be charged to the Contractors that have executed the Contract Extension Amendment ("signing Contractors") in proportion to each such signing Contactor's total Water System Facility Revenue Bond Financing Cost charges under Article 50(b) of this contract.

51. FINANCIAL ADJUSTMENTS

(a) **Article Expiration**

This Article 51 shall be effective through December 31, 2035 and shall be of no further effect on and after January 1, 2036; provided, however, that the provisions of this Article 51 may, to the extent applicable, continue to be used and applied on and after January 1, 2036 for the purpose of truing up amounts owed by the Agency to the State or by the State to the Agency for the calendar years up to and ending with calendar year 2035.

(b) **State Water Facilities Capital Account**

(1) The State shall establish a State Water Facilities Capital Account to be funded from revenues available under Water Code section 12937(b)(4). Through procedures described in this article and as limited by this article, the State may consider as a revenue need under subdivision (c)(2)(v) of this article and may deposit in the State Water Facilities Capital Account the amounts necessary to pay capital costs of the State Water Facilities for which neither general obligation bond nor revenue bond proceeds are available, including but not limited to planning, reconnaissance and feasibility studies, the San Joaquin Valley Drainage Program and, through the year 2000, the CALFED Bay-Delta Program.

(2) The Director of the Department of Water Resources shall fully consult with the Contractors and consider any advice given prior to depositing funds into this account for any purposes. Deposits into this account shall not exceed the amounts specified in subdivision (c)(2)(v) of this article.

(3) The State shall use revenue bonds or other sources of moneys rather than this account to finance the costs of construction of any major capital projects.

(4) Five years following the Contract Extension Amendment Effective Date, the SWRDS Finance Committee shall review the State Water Facilities Capital Account to determine whether to recommend to the Director that this account be closed. If the Director determines to close the account, the State shall transfer any balance in the account to the SWRDS Support Account.

(5) Unless closed sooner, the State Water Facilities Capital Account shall terminate on December 31, 2035 and the State shall transfer any balance in such account to the SWRDS Support Account.

(c) **Calculation of Financial Needs**

(1) Each year the State shall calculate in accordance with the timing provisions of Articles 29 and 31 the amounts that would have been charged (but for this article) to each Contractor as provided in other provisions of this contract.

(2) Each year the State shall also establish its revenue needs for the following year for the following purposes, subject to the following limitations:

(i) The amount required to be collected under the provisions of this contract, other than this article, with respect to all revenue bonds issued by the State for Project Facilities.

(ii) The amount required for payment of the reasonable costs of the annual maintenance and operation of the State Water Resources Development System and the replacement of any parts thereof as described in Water Code section 12937(b)(1). These costs shall not include operation and maintenance costs of any Federal Central Valley Project facilities constructed by the United States and acquired by the State of California after 1994, other than the State's share of the joint use facilities which include San Luis Reservoir, the San Luis Canal and related facilities.

(iii) The amount required for payment of the principal of and interest on the bonds issued pursuant to the Burns-Porter Act as described in Water Code section 12937(b)(2).

(iv) Any amount required for transfer to the California Water Fund in reimbursement as described in Water Code section 12937(b)(3) for funds utilized from said fund for construction of the State Water Resources Development System.

(v) For the years 1998 and thereafter, the amount needed for deposits into the State Water Facilities Capital Account as provided in subdivision (b) of this article, but (A) not more than $6 million per year for the years 1998, 1999 and 2000, and (B) not more than $4.5 million per year for the years 2001 and thereafter.

(3) The State shall reduce the annual charges in the aggregate for all Contractors by the amounts by which the hypothetical charges calculated pursuant to subdivision (c)(1) above exceed the revenue needs determined pursuant to subdivision (c)(2) above; provided that the reduction in annual charges in the aggregate for all Contractors shall not exceed $48 million in any year beginning with the first calendar year following the Contract Extension Amendment Effective Date. The provisions regarding the reduction in annual charges that were in effect prior to the Contract Extension Amendment Effective Date shall continue to apply to

the entire calendar year in which the Contract Extension Amendment Effective Date occurs. The reductions under this article shall be apportioned among the Contractors as provided in subdivisions (d), (e), (f) and (g) of this article. Reductions to Contractors shall be used to reduce the payments due from the Contractors on each January 1 and July 1; provided, however, that to the extent required pursuant to subdivision (h) of this article, each Agricultural Contractor shall pay to the Agricultural Rate Management Trust Fund an amount equal to the reduction allocated to such Agricultural Contractor. Any default in payment to the trust fund shall be subject to the same remedies as any default in payment to the State under this contract. To determine whether the reduction in annual charges in the aggregate for all Contractors equals the $48 million limit specified in this subdivision (c)(3), it shall be assumed that all Contractors have executed the Contract Extension Amendment and will share in the available rate reductions consistent with the proportions as provided in this contract, regardless of whether one or more Contractors do not receive a reduction under their respective Water Supply Contracts.

(4) The supplemental billing provisions authorized under this Article 51(c)(4) shall remain in effect through December 31, 2035, unless the Director determines in his or her discretion to eliminate the use of supplemental billing prior to that date or the Director in his or her discretion accepts a recommendation from the SWRDS Finance Committee to eliminate the use of supplemental billing prior to that date.

(i) The State shall inform the SWRDS Finance Committee if the available System cash balances are projected by the State to fall during the succeeding one hundred twenty (120) days to an amount below an amount equal to ninety (90) days operating expenditures. The SWRDS Finance Committee shall make a recommendation in light of such circumstances to the Director.

(ii) The State may submit a supplemental billing to the Agency for the year in an amount not to exceed the amount of the prior reductions for such year under this Article if necessary to meet unanticipated costs for purposes identified in Water Code Section 12937(b)(1) and (2) for which the State can issue billings under other provisions of this contract, subject to the following procedures and limitations:

(a) The State may only issue supplemental bills pursuant to the provisions of this Article 51(c)(4) when available System cash

balances are projected to be less than the amount equal to 90 days operating expenditures.

(b) The term "available System cash balances," for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean available amounts in the following California Water Resources Development Bond Fund accounts: System Revenue Account (to the extent the funds in the System Revenue Account are not projected to be needed for payment of Burns-Porter General Obligation Bond debt service within the next two years), General Operating Account, SWRDS Reinvestment Account, and SWRDS Support Account (to the extent the funds in the SWRDS Support Account are not projected to be needed for non-reimbursable expenditures within the next two years).

(c) The term "operating expenditures" for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean the costs described in California Water Code Section 12937(b) chargeable to the State Water Project as water supply.

(d) Any supplemental billing made to the Agency for these purposes shall be in the same proportion to the total supplemental billings to all Contractors for these purposes as the prior reduction in charges to the Agency in that year bears to the total reduction in charges to all Contractors in that year and shall be treated as reducing the amount of the reduction made available for that year to the Contractor by the amount of the supplemental bill to the Contractor.

(5) The State may also submit a supplemental billing to the Agency for the year if necessary to meet unanticipated costs for revenue bond debt service and coverage for which the State can issue a statement of charges under provisions of this contract other than this article. The relative amounts of any supplemental billing made to the Agency and to other Contractors for revenue bond purposes shall be governed by such other applicable provisions of this contract.

(6) Payment of any supplemental billing shall be due thirty days after the date of the invoice. Delinquency and interest on delinquent amounts due shall be governed by Article 32.

(d) **Apportionment of Reductions between Agricultural and Urban Contractors:**

(1) Commencing with the first calendar year following the Contract Extension Amendment Effective Date, the State shall apportion available reductions for each year in accordance with this Article.

(2) Annual reductions in the aggregate amount of $48 million are projected to be available in the first calendar year following the Contract Extension Amendment Effective Date and each succeeding year through calendar year 2035 and shall be applied as follows:

(i) If reductions are available in an aggregate amount that equals $48 million, $11,856,000 of reductions shall be apportioned among the Agricultural Contractors, and $36,144,000 of reductions shall be apportioned among the Urban Contractors.

(ii) If reductions are available in an aggregate amount less than $48 million in any of these years, the reductions shall be divided on a 24.7%-75.3% basis between the Agricultural Contractors and the Urban Contractors respectively.

(3) No Contractor shall be entitled to receive in any year any additional reductions, including any additional reductions to make up for deficiencies in past projected reductions and any additional reductions above an aggregate annual amount of $48 million.

(4) Reductions in annual charges to a Contractor pursuant to this Article 51 (d) shall only be made prospectively beginning with the later of the first calendar year following the Contract Extension Amendment Effective Date or the first calendar year following the date the Contractor executes the Contract Extension Amendment. Apportionments of reductions shall be calculated on the assumption that all Contractors have executed such amendment.

(e) **Revenues and Reports**

(1) Each year, beginning with the first calendar year commencing after the Contract Extension Amendment Effective Date, the Director shall determine the amount of available Article 51(e) Amounts. The Director shall determine the aggregate amount that would have been charged to all Contractors in any year but for this Article 51 and from that amount shall deduct the sum of

(i) the amount of revenues needed for the purposes specified in subdivisions (c)(2)(i), (ii), (iii), (iv) and (v) plus

(ii) $48 million.

The remaining amount, if any, shall be referred to herein as "Article 51(e) Amounts".

(2) The State shall allocate available Article 51(e) Amounts as follows: The Director in his or her discretion shall allocate and transfer or deposit up to 80% of available Article 51(e) Amounts, as determined on a projected basis, and up to 100% of available Article 51(e) Amounts, as determined on an actual basis, into the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account. Any Article 51(e) Amounts determined on an actual basis to be remaining in the Systems Revenue Account after the Director allocates and transfers such amounts to the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account shall remain in the Systems Revenue Account and shall be tracked separately in the State's Financial Information System. The Director shall have full discretion regarding the use of the amounts remaining in the Systems Revenue Account.

(3) The State shall prepare and distribute an Annual Rate Reduction Determination Report setting out the factors used to determine reductions in rates pursuant to Article 51(c). The report shall include a display of the distribution of gross annual revenues before, among other items, recreation and fish and wildlife expenditures, contributions to the State Water Facilities Capital Account and reduction in rates pursuant to Article 51(c). The report shall also include a display of the distribution and/or allocation of net annual revenues after reduction in rates pursuant to Article 51(c), to the General Operating Account, SWRDS Support Account, SWRDS Reinvestment Account, 51(e) Sub-Account of the Systems Revenue Account, Davis-Dolwig Fund, State Water Facilities Capital Account, and Suspended Costs, as applicable.

(4) The System Financial Activity Report, which is required to be prepared quarterly pursuant to Article 61(d), shall include annual and accumulated Article 51(e) Amounts and expenditure activity, including the beginning balance, the annual activity and the ending balance for the year for each fund or account into which Article 51(e) Amounts have been transferred or deposited. The System Financial Activity Report should also have sufficient detail to provide comprehensive accounting of annual Article 51(e) Amounts and the uses of the annual Article 51(e) Amounts to enable the SWRDS Finance Committee to assess the use of these amounts.

(f) **Apportionment of Reductions Among Urban Contractors.** Reductions in annual charges apportioned to Urban Contractors under subdivision (d) of this article shall be further allocated among Urban Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Urban Contractor shall be based on each Urban Contractor's proportionate share of total allocated capital costs as calculated below, for both project conservation and project transportation facilities, repaid by all Urban Contractors over the project repayment period.

(1) The conservation capital cost component of the reduction allocation shall be apportioned on the basis of maximum annual Table A amount. Each Urban Contractor's proportionate share shall be the same as the percentage of that Contractor's maximum annual Table A amount to the total of all Urban Contractors' maximum annual Table A.

(2) The transportation capital cost component of the reduction allocation shall be apportioned on the basis of transportation capital cost component repayment obligations, including interest over the project repayment period. Each Urban Contractor's proportionate share shall be the same as the percentage that the Contractor's total transportation capital cost component repayment obligation is of the total of all Urban Contractors' transportation capital cost component repayment obligations.

(i) Recalculations shall be made annually through the year 1999. Beginning in the year 2000 recalculations shall be made every five years unless an Urban Contractor requests a recalculation for an interim year and does so by a request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place.

(ii) The transportation capital cost component repayment obligations, for purposes of this Article 51(f), shall be based in the year of recalculation on the then most recent Department of Water Resources Bulletin 132, Table B-15, "Capital Cost Component of Transportation Charge for Each Contractor," or its equivalent, excluding any costs or Table A amount associated with transfers of Table A amounts from Agricultural Contractors pursuant to Article 53.

(3) To reflect the relative proportion of the conservation capital cost component and the transportation capital cost component to the total of all capital cost repayment obligations, the two cost components shall be weighted as follows:

(i) The conservation capital cost component shall be weighted with a thirty percent (30%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of maximum annual Table A Amounts as calculated in subdivision (f)(1) of this article by thirty percent (30%).

(ii) The transportation capital cost component shall be weighted with a seventy percent (70%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of transportation capital cost component repayment obligations as calculated in subdivision (f)(2) of this article by seventy percent (70%).

(iii) A total, weighted capital cost percentage shall be calculated for each Urban Contractor by adding the weighted conservation capital cost component percentage to their weighted transportation capital cost component percentage.

(4) The total amount of the annual charges to be reduced to Urban Contractors in each year shall be allocated among them by multiplying the total amount of annual charges to be reduced to the Urban Contractors by the total, weighted capital cost percentages for each such Contractor. If the amount of the reduction to an Urban Contractor is in excess of that Contractor's payment obligation to the Department for that year, such excess shall be reallocated among the other Urban Contractors.

(5) In the case of a permanent transfer of urban Table A amounts, the proportionate share of annual charge reductions associated with that Table A amount shall be transferred with the Table A amount to the buying Contractor. In the case of an Table A amount transfer by either Santa Barbara County Flood Control and Water Conservation District or San Luis Obispo County Flood Control and Water Conservation District, the reductions in annual charges to that agency shall be allocated (a) on the basis of that Table A amount being retained by that agency which bears Coastal Branch Phase II transportation costs, (b) on the basis of that Table A amount being retained by that agency which does not bear Coastal Branch Phase II transportation costs, and (c) on the basis of the balance of that agency's Table A amount which also does not bear Coastal Branch Phase II transportation costs.

(g) **Apportionment of Reductions Among Agricultural Contractors.**

(1) Reductions in annual charges apportioned to Agricultural Contractors under subdivision (d) of this article shall be allocated among the Agricultural Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Agricultural Contractor for the years 1997 through 2001 shall be based on each Agricultural Contractor's estimated proportionate share of the total project costs, excluding the variable operation, maintenance, power and replacement components of the Delta Water Charge and the Transportation Charge and also excluding off-aqueduct power charges, to be paid by all Agricultural Contractors for the years 1997 through 2035, calculated without taking into account this article. For purposes of these calculations, Kern County Water

Agency's and Dudley Ridge Water District's estimated project costs shall not include any costs associated with the 45,000 acre-feet of Annual Table A Amounts being permanently relinquished by those Contractors pursuant to subdivision (j) of Article 53. Also, for purposes of these calculations, an Agricultural Contractor's estimated project costs shall not be reduced by the transfer of any of the 130,000 acre-feet of Annual Table A Amounts provided for in subdivisions (a) through (i) of Article 53. The proportionate shares for 1997 through 2001 shall be calculated as follows:

(i) Each Agricultural Contractor's statement of charges received on July 1, 1994, shall be the initial basis for calculating the proportionate shares for the five years 1997 through 2001.

(ii) Each Agricultural Contractor's estimated capital and minimum components of the Delta Water Charge and the Transportation Charge (excluding off-aqueduct power charges) and Water Revenue Bond Surcharge shall be totaled for the years 1997 through 2035.

(iii) Kern County Water Agency and Dudley Ridge Water District totaled costs shall be reduced for the 45,000 acre-feet of annual Table A amount being permanently relinquished by them.

(iv) Any reductions in an Agricultural Contractor's totaled costs resulting from the transfer of any of the 130,000 acre-feet of annual Table A amount shall be re-added to that Contractor's costs.

(v) Each Agricultural Contractor's proportionate share shall be computed by dividing that Contractor's total costs by the total costs for all Agricultural Contractors determined pursuant to subparagraphs (ii), (iii) and (iv) above.

(2) The reductions in annual charges, for 1997 through 2001, shall be calculated using the method described in subdivision (g)(1) of this article.

(3) The allocation shall be recalculated using the same method described in subdivision (g)(1) of this article every five years beginning in 2002, if any Agricultural Contractor requests such a recalculation. Any recalculation shall be based on project cost data beginning with the year that the recalculation is to become effective through 2035.

(h) **Agricultural Rate Management Trust Fund.**

(1) Establishment. Through a trust agreement executed contemporaneously with this amendment, the State and the Agricultural Contractors that sign the Monterey Amendments shall establish the Agricultural Rate Management Trust Fund with a mutually agreed independent trustee.

(2) Separate Accounts. The trustee shall maintain within the trust fund a separate account for each Agricultural Contractor that signs the trust agreement to hold deposits made pursuant to this article.

(3) Deposits. Each Agricultural Contractor that signs the trust agreement shall deposit into such Contractor's account within the trust fund, at the same time as payments would otherwise be required by this contract to be made to the State, an amount equal to the amount by which such Contractor's charges under this contract have been reduced by reason of this article, until the balance in such Contractor's account within the trust fund is the same percentage of $150,000,000 as such Contractor's percentage share of reductions made available to all Agricultural Contractors as specified in subdivision (g) of this article. In 2002 and every fifth year thereafter, the Agricultural Contractors will review the maximum accumulation in the trust fund (the "Cap") and determine whether the cap should be adjusted. However, the Cap shall not be reduced below an aggregate of $150,000,000 for all Agricultural Contractor accounts.

(4) Trust Fund Disbursements.

(i) In any year in which the State's allocation of water to an Agricultural Contractor by April 15th of that year is less than one-hundred percent (100%) of the Contractor's requested annual Table A amount for that year, the trustee shall, to the extent there are funds in that Contractor's account, distribute to the State from such account for the benefit of that Contractor an amount equal to the percentage of the total of that Contractor's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum operation, maintenance, power and replacement components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of that Contractor's annual Table A amount for that year that was not allocated to it by the State by April 15th of that year.

(ii) In addition to the provisions of subdivision (h)(4)(i) of this article, if on April 15 of any year any of the irrigable land within the Tulare Lake Basin Water Storage District (Tulare) is flooded, and Tulare in writing requests the trustee to do so, the trustee shall, to the extent there are funds

in Tulare's account, distribute to the State from such account for the benefit of Tulare an amount equal to the percentage of the total of Tulare's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of the irrigable land within Tulare that is flooded on April 15.

(iii) Each Agricultural Contractor shall remain obligated to make payments to the State as required by other articles in this contract. Any amount to be disbursed pursuant to subdivisions (h)(4)(i) and (h)(4)(ii) shall be paid by the trustee to the State on July 1 of the year involved and shall be credited by the State toward any amounts owed by such respective Agricultural Contractor to the State as of that date. However, an Agricultural Contractor may direct the trustee to make the disbursement to that Agricultural Contractor which shall in turn make the payment to the State as required by other provisions of this contract. If the amount to be disbursed exceeds the amount owed to the State by such Contractor as of July 1, the excess shall be disbursed by the Trustee to the State at the time of and in payment of future obligations owed to the State by such Contractor. Alternatively, upon the request of such Contractor, all or part of the excess shall be paid by the trustee to that Contractor in reimbursement of prior payments by the Contractor to the State for that year.

(5) Payment of Supplemental Bills. In any year in which a supplemental bill has been submitted to an Agricultural Contractor pursuant to subdivision (c)(4) of this article, such supplemental bill shall be treated as reducing by an equal amount the obligation of such Contractor for that year to make payments into the Agricultural Rate Management Trust Fund. To the extent that such Contractor has already made payments to the trust fund in an amount in excess of such Contractor's reduced trust fund payment obligation, such Contractor may request the trustee to use the excess from the trust fund to pay the supplemental bill.

(6) Discharge of Payment Obligation. Each payment to the State by the trust fund shall discharge and satisfy the Agricultural Contractor's obligation to pay the amount of such payment to the State. No reimbursement of the trust fund by the Agricultural Contractor for such payments shall be required. However, each Agricultural Contractor shall continue to make deposits to the trust fund matching the amount of each year's reductions as provided in subdivision (d) of this article so long as the amount in that Contractor's account is less than its share of the Cap.

(7) Distribution of Funds in Excess of the Cap. Whenever accumulated funds (including interest) in an Agricultural Contractor's account in the trust fund exceed that Contractor's share of the Cap, or the estimated remaining payments

the Contractor is required to make to the State prior to the end of the project repayment period, that Contractor may direct the trustee to pay such excess to the Contractor.

(8) Termination of Trust Fund. At the end of the project repayment period, the Agricultural Rate Management Trust Fund shall be terminated and any balances remaining in the accounts for each of the Agricultural Contractors shall be disbursed to the respective Agricultural Contractors.

(i) **Definitions. For the purposes of this article, the following definitions will apply:**

(1) "Agricultural Contractor" shall mean the following agencies as they now exist or in any reorganized form:

(i) County of Kings,

(ii) Dudley Ridge Water District,

(iii) Empire West Side Irrigation District,

(iv) Kern County Water Agency for 848,130 acre-feet of its Table A amount,

(v) Oak Flat Water District,

(vi) Tulare Lake Basin Water Storage District.

(2) "Urban Contractor" shall mean every other agency having a long term water supply contract with the State as they exist as of the date of this amendment or in any reorganized form as well as Kern County Water Agency for 134,600 acre-feet of its Table A amount.

(j) **Except as provided in subdivisions (c)(4) and (c)(5)**, this article shall not be interpreted to result in any greater State authority to charge the Contractors than exists under provisions of this contract other than this article.

NEW CONTRACT ARTICLE

II. ARTICLE 61 **IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:**

61. FINANCIAL ACCOUNTS AND ACTIVITIES

(a) **General Operating Account**

(1) The State shall maintain a General Operating Account to provide the moneys needed for the following purposes:

(i) To pay or provide for the payment of System costs which are reimbursable by one or more Contractors under their respective Water Supply Contracts in the event System revenues available for such payment are insufficient for such purpose; or

(ii) To pay or provide for the payment of System costs for any System purpose in the event of a System emergency as defined in Article 61(a)(1)(iii).

(iii) A System Emergency, as used in this Article 61(a)(1)(ii) shall mean an immediate, urgent, critical, unexpected, or impending situation that, in the judgment of the Director may cause or pose a risk of causing injury, loss of life, damage to the property, impairment of the financial condition, and/or interference with the normal activities of the System which requires immediate attention and remedial action.

(2) The maximum amount in the General Operating Account shall be set, adjusted and funded as follows:

(i) Upon the Contract Extension Amendment Effective Date, the maximum amount shall be $150 million.

(ii) On or before the first September 1 occurring five (5) years after the Contract Extension Amendment Effective Date and every five (5) years thereafter, the State shall present a business case analysis of the maximum amount reasonably necessary or appropriate to be maintained in the General Operating Account, including an evaluation of the maximum amount and its relationship to the business risks associated with the System cash flow, to the SWRDS Finance Committee for recommendation to the Director regarding a General Operating Account maximum amount

adjustment, provided that the maximum amount shall not be less than $150 million.

(iii) To fund the General Operating Account to its maximum amount, the Director may, in his or her discretion, transfer to the General Operating Account (1) amounts determined to be available pursuant to Article 51(e); (2) earnings from the investment of amounts in the General Operating Account; (3) amounts in the SWRDS Reinvestment Account; and (4) amounts in the SWRDS Support Account.

(iv) If the Director determines to decrease the maximum amount pursuant to Article 61(a)(2)(ii), or the maximum amount is otherwise exceeded, the excess amount in the General Operating Account shall be transferred to the SWRDS Reinvestment Account.

(v) The State shall replenish the amounts used from the General Operating Account (1) through charges to the Contractors to the extent the Contractors are obligated to reimburse the State for the costs paid with such amounts and (2) from the SWRDS Support Account or other available revenues (including the sources described in subparagraph (iii) of this Article 61(a)(2)) for costs not reimbursable by the Contractors under their respective Water Supply Contracts.

(vi) General Operating Account investment earnings shall be used to fund the General Operating Account to its maximum amount or, in the Director's discretion, transferred to the SWRDS Support Account and/or the SWRDS Reinvestment Account.

(3) The State shall prepare monthly reports on the balance in and use of the General Operating Account for the Director, and shall provide those reports to the SWRDS Finance Committee. The SWRDS Finance Committee may periodically review reporting frequency and make recommendations to the Director regarding reporting frequency.

(b) **SWRDS Reinvestment Account**

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Reinvestment Account to provide a continuing source of investment revenue to provide amounts to be transferred to or deposited in the General Operating Account, the SWRDS Reinvestment Account, and the SWRDS Support Account.

(2) To fund the SWRDS Reinvestment Account, the Director may, in his or her discretion, transfer to the SWRDS Reinvestment Account (i) amounts determined to be available pursuant to Article 51(e), (ii) earnings from the

investment of amounts in the SWRDS Reinvestment Account, (iii) payments by the Contractors for capital costs funded from the SWRDS Reinvestment Account, (iv) amounts from the SWRDS Support Account, and (v) amounts from the General Operating Account.

(3) Amounts in the SWRDS Reinvestment Account may be used and/or invested as follows:

(i) To pay capital costs of project facilities to the extent those costs are reimbursable by one or more Contractors under their respective Water Supply Contracts. Such capital costs shall be reimbursed to the State in accordance with item 5 of this subparagraph (b) below.

(ii) To pay capital costs of project facilities pending reimbursement of the State with the proceeds of revenue bonds issued by the State; and

(iii) To make temporary investments in accordance with the statutory limitations on such investments.

(4) The State shall prepare regular reports on the SWRDS Reinvestment Account for the Director and shall provide those reports to the SWRDS Finance Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Reinvestment Account.

(5) *Amortization of Costs Financed with Amounts in the SWRDS Reinvestment Account.* Charges to amortize Project Facility Capital Costs paid with amounts from the SWRDS Reinvestment Account shall return to the State, in equal annual amounts over an amortization period determined by the State, the amount of each such cost together with an interest charge on the unamortized balance thereof.

(i) The length of such amortization periods may be from ten (10) to fifty (50) years, *provided* that if the capital asset has an Economic Useful Life of less than ten (10) years, the amortization period may be a comparable period of less than ten (10) years.

(ii) The interest charge shall be at a rate equal to the market interest rate at the time the cost is Incurred on municipal Revenue Bonds with the following characteristics:

(a) the same rating as the rating on Revenue Bonds issued by the State to finance Project Facilities, and

(b) the same term as the length of the amortization period, all as determined by the State.

(iii) For the purposes of this subdivision (b)(5), the State may aggregate the Capital Costs of each project facility Incurred during each calendar year and determine a composite interest rate and a composite amortization period applicable to the amortization of such costs.

(iv) The amortization charges relating to the costs Incurred during each calendar year shall commence the calendar year starting one year after the end of the calendar year in which such costs were Incurred, and the amount to be amortized shall include capitalized interest for the period from the date or dates the costs are Incurred to the date of commencement of amortization.

(c) **SWRDS Support Account**

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Support Account to provide a source of funds to pay System costs that are not chargeable to the Contractors under their respective Water Supply Contracts and for the payment of which there are no other monies available.

(2) To fund the SWRDS Support Account, the Director may, in his or her discretion, transfer to the SWRDS Support Account (i) amounts determined to be available pursuant to Article 51(e); (ii) amounts in the SWRDS Reinvestment Account, (iii) investment earnings in the General Operating Account; (iv) earnings from the investment of amounts in the SWRDS Support Account; and (v) other available revenues. The State shall not charge the Agency to replenish the SWRDS Support Account for costs not otherwise chargeable to the Agency under this contract.

(3) If the State is reimbursed or other amounts are appropriated and received for a cost paid from the SWRDS Support Account, the State shall deposit the amount reimbursed or received in the SWRDS Support Account.

(4) The State shall prepare regular reports on the SWRDS Support Account for the Director and shall provide those reports to the SWRDS Finance

Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Support Account.

(d) **System Financial Activity Report and Reporting Principles**

(1) The State shall prepare and distribute quarterly a System Financial Activity Report that contains the following information:

(i) By fund or account, the activity in the following funds and accounts: the General Operating Account, the SWRDS Support Account, the SWRDS Reinvestment Account, the 51(e) Sub-Account of the Systems Revenue Account, the Davis-Dolwig Fund, and the State Water Facilities Capital Account, and the activity with respect to suspended costs.

(ii) The data in the System Financial Activity Report shall be auditable, which includes an audit trail from the costing ledger (currently the Utility Cost Accounting Billing System, as of the Contract Extension Amendment Effective Date) to the general ledger (currently SAP, as of the Contract Extension Amendment Effective Date) or the Bulletin 132 estimates to the System Financial Activity Report.

(2) Appendix B, entitled System Reporting Principles, contains principles and guidelines which shall be followed, to the extent applicable, in the preparation of System financial reports and financial management reports.

(e) **State Water Resources Development System Finance Committee**

(1) The State shall establish a joint State and Contractors finance committee, which shall be referred to as the State Water Resources Development System Finance Committee or SWRDS Finance Committee. The membership of the SWRDS Finance Committee shall include both representatives from the State and the Contractors.

(2) The primary purpose of the SWRDS Finance Committee shall be to make recommendations to the Director concerning the financial policies of the System. The State and the Contractors shall describe the scope of the SWRDS Finance Committee in a charter mutually agreeable to the State and the Contractors.

(f) **Cost Recovery**

In general, the State should seek reimbursement for all System costs from the appropriate customers and users of System facilities. With respect to those

System costs that are reimbursable by the Contractors, the State should allocate financial responsibility for such costs in a manner that is both lawful and equitable, and which endeavors to recover such costs from the appropriate Contractors. If the State proposes to not charge any Contractor the full amount that the State is entitled to charge the Contractor under the contract, the State shall present a written proposal to the SWRDS Finance Committee for purposes of developing a recommendation to the Director regarding the proposal. The State shall submit such proposal in writing to the SWRDS Finance Committee 90 days in advance of the Director issuing any decision and within such 90 day period the SWRDS Finance Committee shall provide the Director with a recommendation regarding such proposal. Such proposals shall comply with the structure set out in the SWRDS Finance Committee charter referenced in Article 61(e)(2).

NEW CONTRACT APPENDIX

III. APPENDIX B **IS ADDED TO THE CONTRACT AS A NEW APPENDIX AND SHALL READ AS FOLLOWS:**

APPENDIX B
SYSTEM REPORTING PRINCIPLES

A. During the term of the water supply contracts, it is likely that financial reports and financial management reports will change in scope, nature, and frequency. Regardless of the exact reports used, such reports shall follow the below principles and guidelines to the extent applicable.

1. Principle 1: Financial reporting will be generated from the general ledger or data warehouse of the financial information system (system of record), such as SAP. The financial system of record is the authoritative source for financial reporting data values in a system. To ensure data integrity, there must be one, and only one, system of record for financial reporting values.

2. Principle 2: Financial reporting is not limited to annual financial statements but will be developed for regular reporting periods.

3. Principle 3: Financial management reporting generated from other financial systems, such as Utility Cost Accounting Billing System (UCABS), will identify and analyze significant variances from prior years or budgets.

4. Principle 4: Financial reporting and financial management reporting will identify unusual items and exceptions, and these items will be documented, reviewed, and resolved by management.

5. Principle 5: DWR will use standardized System-wide business rules and utilize a centralized financial system, such as SAP, UCABS, or other system, to provide controls/validations to ensure data integrity and reliable reporting.

6. Principle 6: DWR will use standardized data integrity rules in the development and publication of reports, including but not limited to the following:

   (1) Data integrity refers to the accuracy and consistency of data stored in a database, data warehouse, data mart or other construct.

   (2) Data integrity processes verify that data has remained unaltered in transit from creation to reception or remains unaltered in transit from one system to the next. Data used outside of the Enterprise Resource Planning (ERP) systems to meet the reporting needs of Program will undergo any number of operations in support of decision-making, such as capture, storage,

retrieval, update and transfer. It is important to have confidence that during these operations, the data will be kept free from corruption, modification and remain unaltered.

(3) Data with "integrity" has a complete or whole structure. Data values are standardized according to a data model and/or data type. All characteristics of the data must be correct – including business rules, relations, dates, definitions and lineage – for data to be complete.

(4) Data integrity is imposed within an ERP database when it is created and is authenticated through the ongoing use of error checking and validation routines.

(5) Data integrity state or condition is to be measured by the validity and reliability of the data values.

(6) Data integrity service and security maintains information exactly as it was input, and is auditable to affirm its reliability.

The SWRDS Finance Committee is charged with providing financial policy recommendations to the Director, and the Director has final discretion on whether or not to accept the recommendations. While the SWRDS Finance Committee is not charged with reviewing the content of financial reports, timely and accurate financial reporting and financial management reporting provides technical committees access to useful information that can be used to formulate proposals on financial policy matters that may be brought to the SWRDS Finance Committee.

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

1. EFFECTIVE DATE OF CONTRACT EXTENSION AMENDMENT

(a) The Contract Extension Amendment shall take provisional effect ("provisional effective date pursuant to subparagraph (a)") on the last day of the calendar month in which both of the following occur: (i) the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet, have executed (or committed in a form satisfactory to the State to execute) the Contract Extension Amendment and (ii) no legal action addressing the validity or enforceability of the Contract Extension Amendment or any aspect thereof has been filed within sixty days of such execution or, if filed, a final judgment of a court of competent jurisdiction has been entered sustaining or validating the Contract Extension Amendments. Subject to subparagraph (b), the provisional effective date pursuant to paragraph (a) shall be the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

(b) If any part of the Contract Extension Amendment of any Contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Contract Extension Amendments of all Contractors shall be of no force and effect except as provided in subparagraph(c).

(c) The unenforceability and lack of effectiveness of all Contractors' Contract Extension Amendments as provided for in subparagraph (b) may be avoided only if the part of the Contract Extension Amendment determined to be invalid or unenforceable is explicitly waived in writing by the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet , in which case the Contract Extension Amendment shall take provisional effect ("provisional effective date pursuant to subparagraph (c)") on the last day of the calendar month in which the requisite waivers are received, but only as to those Contractors submitting such a waiver in writing, subject to subparagraph (e). The provisional effective date pursuant subparagraph (c) shall become the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

(d) If any Contractor has not executed a Contract Extension Amendment or has not submitted a waiver pursuant to subparagraph (c), whichever is applicable, within sixty (60) days of the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the amendment shall not take effect as to such Contractor, unless the Contractor and the State, in its discretion, thereafter execute such Contractor's contract extension

amendment or the Contractor thereafter submits, and the State in its discretion accepts, the waiver, whichever applies, in which case the Contract Extension Amendment Effective Date for purposes of that Contractor's contract and any associated terms shall be as agreed upon by the State and Contractor.

(e) (1) If at the end of the applicable 60-day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have executed the amendment (or committed to execute the amendment in a form satisfactory to the State) or submitted a waiver pursuant to subparagraph (c), as applicable, the provisional effective date pursuant subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, shall become the Contract Extension Amendment Effective Date.

(2) If at the end of the applicable 60 day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have not executed (or committed to execute) the amendment or submitted a waiver pursuant to subparagraph (c), as applicable, then the State, after consultation with the Contractors that have executed (or committed to execute) the amendment or submitted a waiver, as applicable, shall within 30 days following such 60 day period determine in its discretion whether to make the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the Contract Extension Amendment Effective Date. The State shall promptly notify all Contractors of the State's determination. If the State determines, pursuant to this subparagraph 1(e)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to this subparagraph 1(e)(2)

(f) (1) During the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, the State and a minimum of 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet which have executed (or committed to execute) the Contract Extension Amendment may agree in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered (including to waive the "no force and effect " provision in subsection (b)) and instead allow the Contract Extension Amendment to take effect as to such Contractors, subject to such conditions, if any, agreed upon, by the State and such contactors. In such case, the State shall promptly notify all Contractors of the effective date of the Contract Extension Amendment.

(2) If, during the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, less than 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have agreed in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered as provided in subsection (1)(f)(1) above, then a Contractor which has so

agreed in writing may request the State to consider allowing the contract extension amendment to take effect with the agreement of less than 24 Contractors. Upon receiving such a request, the State, after consultation with the Contractors that have agreed in writing to waive any limitation as provided in subsection (1)(f)(1) above, may determine in its discretion whether to allow the Contract Extension Amendment to take effect with less than 24 Contractors agreeing in writing to waive the limitation. The State shall promptly notify all Contractors if the State's determines to allow the Contract Extension Amendment to take effect, and include in such notice the effective date of the Contract Extension Amendment and any conditions that would apply. If the State determines, pursuant to this subparagraph 1(f)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to subparagraph 1(f)(1).

2. POST BILLING TRANSITION DATE ESTIMATES

If the State determines it to be necessary, the State may rely on estimates and later true-up for billing and reporting purposes in the initial years after the Billing Transition Date.

3. WAIVER AND RELEASE:

Subject to the Contract Extension Amendment taking effect, the Agency does hereby forever waive, release and discharge the State, and its current and former officers, agents and employees, from any and all past and present protests, claims, damages, actions and causes of action of every kind and description, now existing or hereafter arising, known or unknown, that were or could be or could have been asserted relating to the State's adjustment made prior to the execution date of this Contract Extension Amendment in connection with the proportional responsibility, for System facilities south of and including the Dos Amigos Pumping Plant, between (i) water supply and (ii) recreation and fish and wildlife enhancement.

4. OTHER CONTRACT PROVISIONS:

Except as amended by this amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

_____
Chief Counsel
Department of Water Resources

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

_____
Director

SOLANO COUNTY WATER AGENCY

_____
Signature

_____
Title

_____
Date

ACTION OF
SOLANO COUNTY WATER AGENCY

DATE: **February 14, 2019**

SUBJECT: **Vehicle Purchases for Solano Project Operations**

RECOMMENDATION:

Authorize General Manager to purchase the following four vehicles for operation and maintenance of the Solano Project:

- (2) Ram 1500 Trucks [Gas, 4×2, Regular Cab]
- (1) Ford 350 Truck [Gas, 4×4, Extended Cab, 8-ft Utility Bed]
- (1) Ford 450 Truck [Diesel, 4×4, Extended Cab, 9-ft Utility Bed]

FINANCIAL IMPACT:

Combined total cost for all four vehicles not to exceed $192,000. Sufficient funding for these purchases is included in the Agency's FY 2018-2019 Solano Project capital expenditures budget.

BACKGROUND:

The United States Bureau of Reclamation (Reclamation) contracts with the Solano County Water Agency (SCWA) for operation and maintenance of the Solano Project - Monticello Dam and Lake Berryessa, Putah Diversion Dam and Lake Solano, 33-mile long Putah South Canal, and Terminal Reservoir. SCWA in turn subcontracts with the Solano Irrigation District (SID) for the necessary Solano Project operations and maintenance services. As a part of the operations and maintenance activities performed, SID provides trucks which are currently charged on an hourly basis at costs ranging between $20/hour and $33/hour. These vehicles are used extensively and as a result their total annual cost to SCWA can be substantial (see Table 1).

Recommended: _____
Roland Sanford, General Manager

[ ]	Approved as recommended	[ ]	Other (see below)	[X]	Continued on next Page

Modification to Recommendation and/or other actions:

I, Roland Sanford, 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 February 14, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Roland Sanford
General Manager & Secretary to the
Solano County Water Agency

Table 1: SID Solano Project Operations and Maintenance Vehicle Charges for FY 2017-18

Vehicle	Purpose	Unit Billing Rate	Costs ($/year)
2016 Ford F-150	Dam Operations	$20/hour	$61,500
2017 Ford F-150	Canal Operations	$20/hour	$69,000
2015 Ford F-250	Canal Maintenance	$25/hour	$38,000
2008 Ford F-450	Canal Maintenance	$33/hour	$42,500

In reviewing the vehicle costs over the last several years, staff has determined it would be significantly cheaper for SCWA to purchase and own the vehicles as a capital asset than to continue to "rent" them from SID (see Table 2). SCWA already owns a dump truck that is stationed at the Putah Diversion Dam and used by SID personnel for Putah Diversion Dam operations and maintenance activities.

Table 2: 5-yr Cost Comparison of SCWA Purchase versus SID "Rental"

Vehicle	Purpose	SID "Rental"	SCWA Purchase*
2016 Ford F-150	Dam Operations	$308,000	$ 91,000
2017 Ford F-150	Canal Operations	$345,000	$ 91,000
2015 Ford F-250	Canal Maintenance	$190,000	$125,000
2008 Ford F-450	Canal Maintenance	$212,000	$145,000
	Total =	**$1,055,000**	**$452,000**

* "SCWA Purchase" includes purchase price, estimated fuel and maintenance costs (including tires)
Fuel Costs = $9,000/year | Maintenance Costs = $4,000/year
Vehicle Purchase Price: Ram 1500 = $26,000; Ford F-350 = $60,000; Ford F-450 = $80,000

If approved, all vehicles will be purchased in conformance with the SCWA procurement policy. Local dealerships will be utilized if the purchase price is within 5% of the California State Contract list, consistent with SCWA's procurement policy for local businesses.

RELEVANCE TO 2016-2025 SCWA STRATEGIC PLAN:

The purchase of these vehicles is consistent with Goal #2 of the 2016-2025 Strategic Plan, optimizing the use of SCWA managed infrastructure.

Quote: Ford F-350 (4x4)

THIS IS YOUR QUOTE

DOWNTOWN FORD SALES
525 N16th Street, Sacramento, CA. 95811
916-442-6931 fax 916-491-3138

S121318 944
revised 12/17/18

QUOTATION

Customer

Name MARK SNYDER
Address SOLANO COUNTY WATER AGENCY
City _____ State CA _____
Phone _____

Date 12/18/2018
REP SANDRA
Phone 916-442-6931
FOB SACRAMENTO

Qty	Description	Unit Price	TOTAL
1	2019 FORD F350 4X2 PICKUP BOX DELETE	$24,696.00	$24,696.00
	STATE OF CA CONTRACT 1-18-23-20A		
	CLIN 28		
1	ELECTRONIC LOCKING REAR AXLE 4.30	$389.00	$389.00
1	4X4	$2,910.00	$2,910.00
1	SUPER CAB	$2,200.00	$2,200.00
1	110V/400W OUTLET	$76.00	$76.00
1	ALL TERRAIN TIRES	$167.00	$167.00
1	BACKUP ALARM	$141.00	$141.00
1	FACTORY BLUETOOTH	$653.00	$653.00
1	CRUISE CONTROL	$238.00	$238.00
1	DAYTIME RUNNING LAMPS	$45.00	$45.00
1	HD ALTERNATOR	$97.00	$97.00
1	HD SERVICE SUSPENSION	$127.00	$127.00
1	POWER GROUP	$926.00	$926.00
1	REAR WINDOW DEFROSTER	$92.00	$92.00
1	RUNNING BOARDS	$375.00	$375.00
1	SKID PLATE	$169.00	$169.00
1	TRAILER BRAKE CONTROLLER	$274.00	$274.00
1	UPFITTER SWITCHES	$167.00	$167.00
1	HARBOR TRUCK BODY, SALES QUOTE SQ20183	$15,142.00	$15,142.00
1	HITCH RECEIVER	$595.00	$595.00
2	EXTRA KEYS (TOTAL OF 4 KEYS PER TRUCK)	$299.00	$598.00
1	DOC FEE	$80.00	$80.00
	SALES TAX 8.375		

	Subtotal	$50,157.00
	DELIVERY	$300.00
Taxes	SOLANO	$4,200.65
	CA Tire Tax	$8.75
	TOTAL	$54,666.40

Payment Details

- ○ Cash
- ◉ Check
- ○ Credit Card

Name _____
CC # _____
Expires _____

Office Use Only

$500 DISCOUNT WITH PAYMENT IN 20 DAYS

Quote: Ford F-450 (Diesel)

THIS IS YOUR QUOTE

S010719 245

DOWNTOWN FORD SALES
525 N16th Street, Sacramento, CA. 95811
916-442-6931 fax 916-491-3138

QUOTATION

Customer

Name MARK SNYDER
Address SOLANO COUNTY WATER AGENCY
City State CA
Phone

Date 1/9/2019
REP SANDRA
Phone 916-442-6931
FOB SACRAMENTO

Qty	Description	Unit Price	TOTAL
1	2019 FORD F450 4X2 REG CAB CHASSIS DIESEL	$37,257.00	$37,257.00
	STATE OF CA CONTRACT 1-18-23-20A		
	CLIN 31		
1	CHANGE TO 4X4	$4,876.00	$4,876.00
1	ELECTRONIC SHIFT ON THE FLY	$184.00	$184.00
1	LIMITED SLIP AXLE, 4.10, X4N	$366.00	$366.00
1	SUPER CAB 60" CA	$2,200.00	$2,200.00
1	BACKUP ALARM	$125.00	$125.00
1	DAYTIME RUNNING LAMPS	$45.00	$45.00
1	HD SERVICE SUSPENSION	$127.00	$127.00
1	CAB STEPS	$375.00	$375.00
1	SKID PLATES	$159.00	$159.00
1	SPARE TIRE / WHEEL / JACK	$348.00	$348.00
1	TRACTION TIRES	$217.00	$217.00
1	FACTORY BLUETOOTH	$653.00	$653.00
1	CRUISE CONTROL	$235.00	$235.00
1	POWER GROUP	$1,097.00	$1,097.00
1	REAR VIEW CAMERA INCLUDED IN HARBOR	$0.00	$0.00
1	TRAILER BRAKE CONTROLLER	$273.00	$273.00
1	TRAILER TOW PACKAGE	$586.00	$586.00
1	HARBOR TRUCK BODY, SALES QUOTE SQ20766	$15,963.00	$15,963.00
1	HITCH RECEIVER	$595.00	$595.00
2	EXTRA KEYS (TOTAL OF 4 KEYS PER TRUCK)	$299.00	$598.00
1	DOC FEE	$80.00	$80.00
	SALES TAX 8.375		

	Subtotal	$66,381.00
	DELIVERY	$300.00
Taxes	SOLANO	$5,559.41
	CA Tire Tax	$8.75
	TOTAL	$72,249.16

Payment Details

- ○ Cash
- ◉ Check
- ○ Credit Card

Name
CC #
Expires

Office Use Only

$500 DISCOUNT WITH PAYMENT IN 20 DAYS

Sales Quote

255 Voyager Ave
Brea, CA 92821
Phone: 714-996-0411
Fax: 714-996-0695

Sales Quote	SQ20766
Sales Quote Date:	1/8/2019
Inside Sales Rep.:	Kimberly Bellamy

Sell To: DOWNTOWN FORD SALES
SANDRA SCOTT
DEALER #72C201
525 N. 16TH ST
SACRAMENTO, CA 95814

Ship To: SOLANO COUNTY WATER AGENCY

, CA 95814

Tax Ident. Type	Legal Entity	Customer ID	FSD01
		Dealer Number	
Ship Via	HARBOR	SalesPerson	STEVE
Terms	2% 10 Days, Net 30	VIN	
Location	BREA		
Territory	REGION 2		

Harbor Truck Bodies is Not Held Responsible for any items not listed on this order/quote.

Pricing on quote is valid 30 days from sales quote date.

Item No.	Description	Exp. Notes	Unit	Qty.	Unit Price	Net Price
FORD-060-R-SRW	FORD 60" CA REGULAR CAB SRW GAS-	SOLANO COUNTY WATER DISTRICT	EACH	1		
HT108-1541A	9-FT TRADEMASTER FOR 60CA SRW. VERTICAL SERIES-C/S & S/S W/STAINLESS STEEL POP TOP LIDS. BODY IS APPROX 108"L, 79"W, 49" FLOOR, 41"H, 15"D COMPARTMENTS.		EACH	1	5,987.52	5,987.52
S-MD-5PAK-15	5 Pack Roll-Out Drawers. (4) 3" Drawers, (1) 4" Drawer, 15" Deep, 40" High Compt. Mounted Street Side		EACH	1	1,605.60	1,605.60
Y09AWHITE	HARBOR WHITE SINGLE STAGE NON CLEAR COAT		EACH	1		
MBL09	BED LINER FOR 9-FT BODY (COVERS BED AREA, BACK WRAPPERS, BULKHEAD, & TAILGATE)		EACH	1	761.04	761.04
RKTFL108-1541-R	9-FT TAPERED-LEG SIDE-LOADER OVER-CAB RACK W/ HOOKS, 44" FRONT LENGTH, SWING AWAY REAR BAR, AND REMOVABLE CROSSBARS		EACH	1	1,186.56	1,186.56
Z09-F/BRUL79-08-LED	MOUNT U-RECESS BUMPER W/ 8" STEP & LED LIGHTS		EACH	1	128.88	128.88
MBCK-UP-FD-872R	AFTERMARKET BACK UP CAMERA INSTALLED ON PICKUP BED REMOVAL WITH CAMERA FUNCTION ENABLED (MBCK-UP-FD-872R)		EACH	1	215.28	215.28
ML-00010	MOUNT (4) ECCO #ED3706A LIGHTS. (2) IN FRONT GRILL AND (1) IN EACH REAR END PANEL		EACH	1	1,020.24	1,020.24

Sales Quote

255 Voyager Ave
Brea, CA 92821
Phone: 714-996-0411
Fax: 714-996-0695

Sales Quote	SQ20766
Sales Quote Date:	1/8/2019
Inside Sales Rep.:	Kimberly Bellamy

Sell
To: DOWNTOWN FORD SALES
SANDRA SCOTT
DEALER #72C201
525 N. 16TH ST
SACRAMENTO, CA 95814

Ship
To: SOLANO COUNTY WATER AGENCY

, CA 95814

Tax Ident. Type	Legal Entity	Customer ID	FSD01
		Dealer Number	
Ship Via	HARBOR	SalesPerson	STEVE
Terms	2% 10 Days, Net 30	VIN	
Location	BREA		
Territory	REGION 2		

Harbor Truck Bodies is Not Held Responsible for any items not listed on this order/quote.

Pricing on quote is valid 30 days from sales quote date.

Item No.	Description	Exp. Notes	Unit	Qty.	Unit Price	Net Price
SEO_1	ROLL OUT TRAY (CURBSIDE #1 COMPARTMENT) MOUNT BOTTOM UP, STRONG ENOUGH TO SUPPORT A SMALL PORTABLE GENERATOR. SIMILAR TO SPC-6DWS00006		EACH	1	604.08	604.08
SEO_2	100 GALLON TRANSFER TANK (DIESEL) AND ELECTRIC PUMP	TO BE SUPPLIED AND INSTALLED BY OC PETROLEUM	EACH	1	2,252.88	2,252.88
MPDI	PDI FOR NEW VEHICLE		EACH	1	225.00	225.00
FREIGHT	Freight		EACH	1	450.00	450.00
FUEL CHARGE	FUEL CHARGE		EACH	1	75.00	75.00

Amount Subject to Sales Tax 0
Amount Exempt from Sales Tax 14,512.08
Authorized Signature _____ Date _____
Dealer VIN/VON _____
P.O.# _____

Subtotal:	**14,512.08**
Invoice Discount:	0.00
Total Sales Tax:	0.00
Total:	**14,512.08**

NEW FORD F-450 REGULAR CAB DIESEL

PRICING BASED UPON COST +/- 10% FOR OPTIONS / CHANGES

STATE OF CALIFORNIA CONTRACT 1-18-23-20A CLIN 31

MAJOR STANDARD EQUIPMENT			
4X2, 6.7L DIESEL ENGINE, 6-SPEED AUTOMATIC TRANSMISSION, 145" WB / 60" CA, 16,500# GVWR, 40 GAL. FUEL TANK, BLACK FRONT STEP BUMPERS, 19" ARGENT PAINTED STEEL WHEELS W/ CENTER COVER, RUBBER FLOORING, MANUAL WINDOWS, A/C, AM/FM, VINYL SEATS, TILT WHEEL, XL TRIM	F4G	37,257.00	
DRIVE TRAIN / TRIM	ITM #	PRICE	
CHANGE TO 4X4	44X4	4,876.00	X
ELECTRONIC SHIFT-ON-THE-FLY	421S	184.00	X
LIMITED SLIP REAR AXLE	4AXL	388.00	X
CAB CONFIGURATION			
SUPER CAB 60" CA	X4G	[illegible]	X
SUPER CAB 84" CA	X4G	2,989.00	
CREW CAB 84" CA	W4G	3,475.00	
WHEELBASE			
CHANGE TO 169" WB / 84" CA	406X	176.00	
CHANGE TO 169" WB / 108" CA	418X	359.00	
CHANGE TO 201" WB / 120" CA	420X	548.00	
DIESEL ENGINE			
DUAL ALTERNATORS (REQ. 6.7L DIESEL ENGINE)	D67A	377.00	
DUAL DIESEL FUEL TANKS — 28.5 GAL. & 40 GAL. (REQ. 6.7L DIESEL ENGINE)	D85C	729.00	
ENGINE IDLE SHUTDOWN (REQ. 6.7L DIESEL ENGINE)	D83T	254.00	
OPERATOR COMMANDED REGENERATION — OCR (REQ. 6.7L DIESEL ENGINE)	D98R	377.00	
TRANSMISSION POWER TAKE-OFF PROVISION (REQ. 6.7L DIESEL ENGINE)	D82R	279.00	
EXTERIOR			
BACKUP ALARM	476C	125.00	X
DAYTIME RUNNING LIGHTS	0942	45.00	X
HD SERVICE SUSPENSION	467H	127.00	X
RUNNING BOARDS	418B	375.00	X
SKID PLATES	SHOP	428.00	X
SPARE TIRE, WHEEL, JACK	461J	348.00	X
TRACTION TIRES LT225/70RX19.5G BSW TRACTION (6)	4TGB	217.00	X
INTERIOR			
BLUETOOTH — FACTORY SYNC	491M	653.00	X
CLOTH SEATING — 40/20/40 FRONT SEATS	4LS0	294.00	
CRUISE CONTROL	452C	235.00	X
POWER GROUP — INCL. PWR LOCKS, WINDOWS, HEATED PWR MIRRORS	9X9L	1,097.00	X
REAR VIEW CAMERA	476V	535.00	X
REMOTE START SYSTEM (REQ. PWR GRP)	487S	254.00	
SLIDING REAR WINDOW	443W	125.00	
TRAILER BRAKE CONTROLLER	452C	273.00	X
TRAILER TOW PACAKGE	4535	588.00	X
XL VALUE PACKAGE — INCL. AM/FM/CD/AUX, BRIGHT CHROME HUB COVERS, CHROME FRONT STEP BUMPERS	498V	1,012.00	X
DEALER UPFIT			
LIFTGATE — TOMMYGATE (STYLE, CAPACITY & PRICE VARIES BY APPLICATION)	ULTRA	INQUIRE	
PRIVACY GLASS	ULTRA	375.00	
PUSH BUMPER — [ ] SETINA (OSP1) [ ] GO RHINO (OGP1) (SELECT ONE)	LEHR	597.00	
SPOT LAMPS — PILLAR MOUNTED (EACH): [ ] DRIVER SIDE [ ] PASS. SIDE [ ] OR [ ] ROOF MOUNT	LEHR	1,074.00	
SPRAY-IN BEDLINER	ULTRA	595.00	X
UNDERSEAL CHASSIS	ULTRA	399.00	
WINCH — WARN 15,000# (BEHIND BUMPER INSTALLED)	ULTRA	3,200.00	X
SERVICE BODIES			
MATERIAL RACK — FORKLIFT LOADABLE OVERHEAD	OHRK	1,395.00	X
RECEIVER HITCH FOR SERVICE BODY TRUCKS	OHTC	595.00	X
SERVICE BODY — CTEC 1043595	4C01	8,243.00	
SERVICE BODY — DIAMOND 22.5638-132-CT.849 CLOSED TOP [ ] ADD $150 FOR OPEN TOP (4D01)	4DC1	7,935.00	
SERVICE BODY — HARBOR HT132	4H01	7,939.00	
SERVICE BODY — KNAPHEIDE 6132D94J CLOSED TOP [ ] ADD $495 FOR OPEN TOP (4K01)	4KC1	7,978.00	
SERVICE BODY — PACIFIC 108402054VF	4P01	8,999.00	
SERVICE BODY — ROYAL 40-VD-132	4R01	8,949.00	
SERVICE BODY — SCELZI -SCBR-132-94-49-36V CLOSED TOP [ ] ADD $160 FOR OPEN TOP (4S01)	4SC1	8,691.00	
UNDERBODY TOOLBOX	0UND	795.00	
ACCESSORIES			
EXTRA KEY, NO POWER GROUP — MAXIMUM OF 5 KEYS PER VEHICLE	00KY	189.00	
EXTRA KEY, W/ KEY FOB (REQ. POWER GROUP) — MAXIMUM OF 5 KEYS PER VEHICLE	0PKY	299.00	X x2
MANUAL — SHOP (CD-ROM)	0MS0	294.00	
MANUAL — PARTS (CD-ROM)	0MP0	279.00	
WARRANTY — EXTRA CARE, 5YR/100,000MI/$100.00 DEDUCTIBLE FOR 6.7L DIESEL ENGINE	4WDY	2,920.00	

DOWNTOWN FORD SALES | (916) 442-6931 | WWW.DOWNTOWNFORDSALES.COM

SOLANO H2O

67P

DOWNTOWN FORD SALES | 525 N. 16TH ST. SACRAMENTO, CA 95811 | (916) 442-6931
CONTACT SANDRA SCOTT / PAT IRELAND / BOB MILLOY WITH QUESTIONS OR INQUIRIES

Alex Rabidoux

From: Mark Snyder
Sent: Wednesday, January 30, 2019 12:36 PM
To: Alex Rabidoux
Subject: Fwd: 2019 Ram 1500 Crew cab and Reg cab Tradesman

Alex, this is the quote for the 2wd truck. The quoted price for the 4x4 mentioned below is obsolete.

Mark Snyder
Senior Water Resources Specialist
Solano County Water Agency
(707) 455-1108

Begin forwarded message:

> **From:** michael scanlon <mscanlon@sbcglobal.net>
> **Date:** December 11, 2018 at 5:44:49 PM PST
> **To:** Mark Snyder <msnyder@scwa2.com>
> **Subject: 2019 Ram 1500 Crew cab and Reg cab Tradesman**
>
> Hello Mark,
>
> Following at the bids on the 2019 Ram 1500 Tradesman Crew cab 4x4 with the 6'4" bed and the 2019 Ram 1500 Tradesman regular cab 4x2, 6'4" bed. There are some modifications that I will note that are available on one truck but not on the other. And extra keys are no longer something that is placed with the factory order. Those will have to be done here once the trucks appear on the lot.
>
> 2019 Ram 1500 Classic Tradesman reg cab 4x2, 6'4" bed
> 22B package (3.6L V6, 8 speed auto, Tradesman)
> bright white exterior
> black/diesel gray HD vinyl 40/20/40 split bench seat
> parksense rear park assist system
> Uconnect 3.0
> daytime running headlamps, low beam
> anti-spin differential
> LT265/70R17E BSW A/T tires
> 3.55 rear axle ratio
> power and remote entry group
> trailer tow mirrors and brake group
>
> Rear defroster is no longer available on a fleet order. You might want to consider a manual sliding rear window.
>
> The MSRP on this truck is 31530 and I will sell it to you for 21053, plus tax and license.
>
> 2019 Ram 1500 Classic Tradesman crew cab 4x4, 6'4" bed
> 26B package (5.7L hemi V8, 8 speed auto, Tradesman)

bright white exterior
black/diesel gray HD vinyl 40/20/40 split bench seat
LT265/70R17E BSW A/T tires
Uconnect 3.0
anti-spin differential
trailer tow mirrors and brake group
3.92 rear axle ratio
protection group

There is no provision for a rear window defroster, parksense rear park assist system or daytime running lights, low beam.

The MSRP on this truck is 41380 and I will sell this to you for 26715, plus tax and license.

And as I mentioned in my opening paragraph, there is no provision for ordering additional keys from the factory. We will have to do that here once the trucks arrive.

My normal lead time estimate on these trucks from the date of order would normally be 8 weeks but the automotive industry is suffering from a railcar shortage as the railroads have found it more profitable to ship crude oil out of the Dakotas and are far behind in replacing worn out railcars. So I will be cautious in stating that we will be looking at a 10 week lead time from the date of order at minimum.

I do hope you were able to read my note from yesterday regarding the delay on ordering the new HD trucks, specifically in your case, the Ram 3500 Tradesman Crew cab 4x4 with the box delete until after the new truck is introduced at the Detroit Auto Show in mid January and I still have no information as to what we might be able to order at that time. I will try to keep you informed of any changes and opportunities that arise as they come up.

If you have any questions, please do let me know. As always, I will be happy to answer them to the best of my ability.

Mike Scanlon
Dodge Chrysler Jeep Ram of Vacaville
681 Orange Drive
Vacaville Ca 95687
707 452 2559 direct line
