Executive Committee Meeting
Agenda

FEBRUARY 11, 2019, 9:00 AM
CEDAR ROOM
WYNDHAM VISALIA
9000 W AIRPORT DR, VISALIA, CA 93277

At the discretion of the Board of Directors, all items appearing on this agenda, whether or not expressly listed for action may be subject to action by the Board. The order of agenda items is subject to change.

1. CALL TO ORDER/ROLL CALL – (TANTAU)
2. APPROVAL OF THE AGENDA – (TANTAU)
3. PUBLIC COMMENT / PUBLIC PRESENTATIONS – (TANTAU)
   Public comment is welcome at this time on any matter within the jurisdiction of the Board that is not on the agenda. Under the State’s open meeting law - the Brown Act - no action may be taken on any item not on the agenda. Public comment on items on the agenda will be allowed at the time the Board considers the item.
4. ACTION ITEMS (90 MINUTES)
   A. Approval of the Minutes – Executive Committee meeting of January 14, 2019.
   B. Jones Pumping Plant Rewind (DeFlitch, Willard) – Proposed recommendation on rewrites to Board.
   C. Changes in OM&R Cost Recovery Methodology (DeFlitch) – Further direction on proposed changes in OM&R Cost Recovery Methodology.
   E. Recommendation to Board for contract with Kan Ventures for continued professional services. (Austin Ewell)
   F. Recommendation to Board for Endorsement of ACA 3 and SB62. (Biering)
5. CHIEF OPERATING OFFICER REPORT- (DEFLITCH) (30 MINUTES)
   A. Cost Allocation for FKC Subsidence Extraordinary Repair Work.
   B. Subsidence Correction Project Updates.
      1) Immediate Repair Work.
      2) Long-Term Subsidence Correction Project – Stantec.
6. CHIEF FINANCIAL OFFICER REPORT (WILLARD) (10 MINUTES)
   A. Fiscal Year-End Audit Status Report. (Willard)
7. SAN JOAQUIN VALLEY BLUEPRINT PROJECT - PRESENTATION BY MBK ENGINEERS - (PAYNE) (30 MINUTES)

8. GENERAL COUNSEL REPORT – (DAVIS) (5 MINUTES)

9. CHIEF EXECUTIVE OFFICER REPORT - (PHILLIPS) (30 MINUTES)
   A. Response to non-FWA member Friant contractors regarding participation in O&M matters.
   B. Debrief of Washington D.C trip.

CLOSED SESSION ITEMS (1 HOUR)

10. CONFERENCE WITH LEGAL COUNSEL --existing litigation
    (Government Code section 54956.9(d)(1))
    NRDC v. Murillo, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-cv-01658-JAM-GGH.

11. CONFERENCE WITH LEGAL COUNSEL -anticipated litigation
    (Government Code section 54956.9(d)(2))
    Significant Exposure to Litigation: Two potential matters.

12. CONFERENCE WITH LEGAL COUNSEL-initiation of litigation
    (Government Code section 54956.9(d)(4))
    Initiation of Litigation: Two potential cases.

13. PUBLIC EMPLOYMENT
    Government Code section 54957
    Title: Program Manager

14. RECONVENE INTO OPEN SESSION
    Announce reportable action taken during closed session.

15. ADJOURNMENT

Public Participation Information

Agenda reports and other disclosable public records related to each Open Session agenda item are available on FWA's website under "Calendar" at Friantwater.org and at FWA's main office, 854 N. Harvard Ave., Lindsay, CA 93247, during regular business hours. Under the Americans with Disabilities Act, if you require a disability-related modification or accommodation to participate in this meeting, including auxiliary aides or services, please contact Toni Marie at 559-562-6305 at least 48 hours prior to the meeting.
1. **CALL TO ORDER/ROLL CALL** - Chair Chris Tantau called the meeting to order at 9:00 a.m. Committee members present: Tantau, Camp, Loeffler, Kisling, Erickson, Borges; Staff present: DeFlitch, Marie, Davis, Biering, Willard, Phillips, Luce, Payne, Ewell, Hickernell, Garcia. Others: Collin, Bennett, Morrissey, Greci, Muhar, Collup, Wallace, Dalke, Geivet, Fukuda, Larsen. Committee members absent: Stephens

CEO Phillips reported that there was a planned Community Workshop being held at 11:30 a.m. in Tipton in order to provide information on the recent water policy agreements between the U.S. Department of the Interior, Bureau of Reclamation and the California Department of Water Resources; essentially the same as was provided at the December Special Board of Directors meeting.

2. **APPROVAL OF THE AGENDA** - The agenda was approved. (Erickson /Borges); approved unanimously - Ayes – Tantau, Camp, Erickson, Loeffler, Tantau, Kisling; Nays – none; Absent – Stephens

3. **PUBLIC COMMENT / PUBLIC PRESENTATIONS**

There was no public comment.

4. **APPROVAL OF MINUTES**

a) Approval of the October 15, 2018 Minutes.
b) Approval of the December 7, 2018 Special Meeting Minutes.

Both sets of minutes were approved. (Erickson /Borges); approved unanimously - Ayes – Tantau, Camp, Erickson, Loeffler, Tantau, Kisling; Nays – none; Absent – Stephens

5. **CHIEF OPERATING OFFICER REPORT**

a) Copper Sulfate Purchase Approval – Provide COO authority to issue Purchase Order. The EC took action to authorize the COO to issue a purchase order to the General Superintendent to secure the pricing for the purchase of copper sulfate from Agri-Enterprisers Inc. The General Superintendent will also send the request to the Finance Committee for the purchase of the copper sulfate. (Camp /Borges); approved unanimously - Ayes – Tantau, Camp, Erickson, Loeffler, Tantau, Kisling; Nays – none; Absent – Stephens

b) Update on Subsidence Correction Project.

   a. Immediate Repairs Work – COO DeFlitch gave an update on the immediate repairs work as outlined in the agenda report. The work included bridge repairs covered under the MOU with the County of Tulare on January 8, 2019; and an approved Feasibility Study which was
approved by Reclamations acting Mid-Pacific Regional Director, Michael Ryan as shown in the attached letter.

b. Long-term Subsidence Correction Project update – Stantec continues to work on identifying and mitigating risk in four specific areas; Rights-of-way and possible lands acquisitions for the project; Historic/cultural resources and completion of surveys and historical records to determine project risks; Biological resources to establish the framework for addressing potential impacts on the local habitat in the area; and NEPA/CEQA requirements.

c. FKC Pump Back Project - The EC considered and approved the revised Scope of Work for Stantec Consulting Services, Inc. to complete the Water Quality Management planning portion of the Pump-Back Project and increase the authorized expenditures for that contract to $900,000 as outlined in the agenda report. (Loeffler/Kisling); approved unanimously - Ayes – Tantau, Camp, Erickson, Loeffler, Tantau, Kisling; Nays – none; Absent – Stephens

c) Draft Revision to the Friant-Kern Canal Operation and Maintenance Cost and Exchange Supply Cost Recovery Methodology - Effective March 1, 1998 – COO DeFlitch discussed the draft revision to the Friant-Kern Canal Operation and Maintenance Cost and Exchange Supply Cost Recovery Methodology as outlined in the agenda report addressing proposed revisions to clarify extraordinary operations and maintenance work and how inclusion of additional water types such as RWA and URF’s might affect water rates. Some additional work to the document and presentation materials will be made for presentation to the Board of Directors.

6. CHIEF FINANCIAL OFFICER REPORT

a) Establish a new position in the Accounting Department – Staff sought and received approval to recommend to the Board of Directors approval of the new Accounting Operations Administrator position with direction to staff to post the job and begin a search to fill the opening. (Loeffler/Kisling); approved unanimously - Ayes – Tantau, Camp, Erickson, Loeffler, Tantau, Kisling; Nays – none; Absent – Stephens

b) New proposal for Expense allocation Methodology – CEO Phillips and CFO Willard went through the expense coding procedures and outlined how the implementation of an activity based methodology could provide more accurate cost allocation especially in terms of recording accurate project time on time sheets.

7. DIRECTOR OF WATER POLICY REPORT

a) Update on activities of the Temperance Flat Reservoir MOU, MOA and JPA groups – DWP Payne updated the EC on current activities of the Temperance Flat Reservoir MOU, MOA and JPA groups saying the MOU group met on January 11th and expects to wrap up the modeling efforts in early spring; the SJVWIA also met on January 11th to discuss next steps in the Temperance Flat Reservoir Prop 1 Application transfer. The group expects to have the transfer completed by next month at which time a JPA meeting will be conducted to discuss principals and finalize the transition of the Application.
b) Update on the technical memorandum being produced at the request of SGMA agencies – DWP Payne provided a quick update on the SGMA agencies noting that a memo had been released to help SGMA agencies develop water supply projections.

c) Update on ASO preparations for surveys in 2019 – DWP Payne reported that the Government shutdown had delayed NASA preparations for ASO flights and that the program is hoping for the first flight of the San Joaquin will occur in March.

8. GOVERNMENT AFFAIRS AND COMMUNICATIONS REPORT

a) Update on Federal and State legislation and communications activities – GAC Biering gave a brief update on Government Affairs and Communications as outlined in the agenda report. She did note that Sens. Murkowski and Cantwell introduced the “Natural Resources Management Act (S. 47) with a Reclamation title that includes title transfer provisions negotiated with the House in the last Congress; that Governor Newsom was sworn into office on January 7th and on January 10th he released his proposed budget; that a series of meetings with existing and new legislators in valley and legislative leadership is being planned for January 28th and 29th; and that Staff is travelling to DC for the remainder of the week to talk with folks about FKC Subsidence Correction funding and to meet with House Representatives.

9. GENERAL COUNSEL MATTERS – GC Davis and CFO Willard reported on funding options for the Friant-Kern Canal Capacity Correction Project as outlined in the agenda report. They discussed the scope of financing that included 2018 approved funding; 2019 potential funding as well as other potential funding sources.

10. CHIEF EXECUTIVE OFFICER REPORT

a) Discussion of San Joaquin Valley Blueprint Project – CEO Phillips reported that efforts for developing the San Joaquin Valley Blueprint project has begun. A briefing was held to describe the Blueprint concept with representatives from various ag groups, farm bureaus, counties, public agencies as well as small and large farms. A follow-up meeting is being planned for March.

b) Other items of interest to the Membership – There were no additional items discussed.

CLOSED SESSION ITEMS (1 HOUR)

11. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Government Code section 54956.9(d)(1))
NRDC v. Murillo, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-cv-01658-JAM-GGH.

12. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

(Government Code section 54956.9(d)(2)}
Significant Exposure to Litigation: Two potential matters.

13. **CONFERENCE WITH LEGAL COUNSEL-INITIATION OF LITIGATION**
    (Government Code section 54956.9(d)(4))
    Initiation of Litigation: Two potential cases.

14. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
    (Government Code section 54957)
    Title: Chief Executive Officer

15. **RECONVENE INTO OPEN SESSION**
    There was no reportable action taken during closed session.

16. **ADJOURNMENT** – The meeting adjourned at 12:31 p.m.
DATE: FEBRUARY 11, 2019
TO: EXECUTIVE COMMITTEE
FROM: DOUG DEFLITCH, COO; DON WILLARD, CFO
SUBJECT: JONES PUMPING PLANT MOTOR REWIND PROJECT

1. SUMMARY:
   SLDMA has started a Motor Rewind Project at the Jones Pumping Plant. The costs related to this project could have a significant impact on the Water Rates that Friant Contractors pay to SLDMA. (see attached Memorandum). The SLDMA Staff had submitted a proposal for the 2019 Water Rates which included self-financing of the rewind of Unit #2 at $2.70 per acre foot.

   In addition to the Rewind Project there was a significant increase in the “Project Use Energy” component of the Water Rates. This accounted for an increase of approximately $3.00 to $3.25 an acre foot. This cost is dictated by The Bureau of Reclamations estimate of the Project’s energy use, (in kilo watts), which in the recent past has been significantly underestimated. For 2019 the Bureau’s estimated use increases from 394M KW’s, or $18.2M for 2018 to 557M KW’s or $25.6M for 2019, in SLDMA’s budget. The increases are due to the estimated KW use, the rate per KW has not changed.

2. BACKGROUND:
   The six motors at the Jones Plant have never been rewound and an assessment has revealed that all the units are nearing the end of their service life. Reliability of the units is becoming a real concern. SLDMA is proposing to complete the rewind of all six units over the next 5-6 years. They are exploring / seeking options for the financing of the remaining 5 units. The first unit was financed through a program with USBR. Their original proposal for the second unit was self-financing through the 2019 Water Rates. The schedule for completing all six units is an issue of concern for a couple of reasons: there are cost savings associated with staying on the timeline, the advantages of being able to secure one contractor for all units and the consistency of workmanship and materials in the completed units if a single contractor is utilized.

3. RECOMMENDED ACTION:
   Staff is seeking direction on the casting of Friant’s vote on the SLDMA Finance / Administration Committee with respect to the following potential options.

   1. A vote to affirm the proposal for the one-year self-financing option for Unit #2, only if long term financing is being pursued for the remaining 4 units. This would be Staffs recommendation considering the potential of the 2019 wet year.

   2. A vote to affirm a short-term financing option for Unit #2, if long term financing is perused to pay off the short-term debt and include financing for the remaining 4 units.
3. A vote against any financing option unless it is a 15 year or longer program and covers the remaining 5 units.

4. Any suggested comment with respect to the PUE costs.

4. SUGGESTED MOTION:
A motion that the Executive Committee direct Staff to cast an affirmative vote to approve a 2019 Water Rate proposal that recommends the 1 year self-financing of the Unit #2 rewind at the Jones Pumping Plant absent of any contract commitment for the remaining units until long term financing is secured.

5. BUDGET IMPACT:
There is no Budget impact to Friant Water Authority.

ATTACHMENTS:
Memorandum - San Luis Delta-Mendota Water Authority 2019 Water Rates
Memorandum – Bob Martin, SLDMWA
SLDMWA - Proposed WY 2019 Water Rates
SLDMWA – Self-Funding O&M Budget Comparison
Memorandum

DATE: FEBRUARY 2019
TO: EXECUTIVE COMMITTEE
FROM: DOUG DEFLITCH, COO AND DON WILLARD CFO
SUBJECT: SAN LUIS DELTA-MENDOTA WATER AUTHORITY 2019 WATER RATES

SLDMWA has started a project to rewind the six pumps at the Jones Pumping Plant. They had an assessment done which concluded that five of the pumps are near the end of their service life.

Pump #6 has been completed under a financing contract with USBR providing up to $5M at 1.75% for 15 years. Best case scenario this equates to $.25 per acre foot; worst case = $.56 per acre foot.

Pump #2 is the next unit to be rewound. There is no USBR funding available at this time. In an attempt to stay on schedule to complete the six pumps in a reasonable time frame and avoid potential reliability issues, SLDMWA is proposing to self-finance this unit through the water rates for 2019. Estimated cost for Unit 2 is $5,213,200.

The water rates for the current year, related to Friant, were:

- Upper DMC-Exchange Water rights = $13.01 / acre foot.

The proposed rates for 2019 are:

- Upper DMC-Exchange Water rights = $18.59 / acre foot.

The assumptions are; equivalent water deliveries to 2018 and a 35% allocation. These rates include $2.70 / acre foot for the self-financing of the Unit #2 rewind. The other significant portion of the increase in the rates are tied to USBR estimated “Project Use Energy”, PUE, costs.

During this one-year self-funding period, SLDMWA will continue to seek financing for the remaining 4 units.

Friant requested a 30-day delay in order to allow for an opportunity to review the proposed rates for 2019 with the Executive Committee and possibly the Board of Directors.

The SLDMWA Finance Committee approved a proposal for their Board of Directors meeting on February 7, 2019 that would adopt the current 2018 water rates for the February 2019 billing period. For the March Board of Directors meeting they would recommend the adoption of the proposed 2019 water rates as shown above.

Update after SLDMWA Board Meeting – February 7, 2019:

The SLDMWA Board acted to approve the 2018 Water Rates for February 2019. In addition, rather than adopt the proposed 2019 rates as presented above, they directed Staff to look into the possibility of securing a short term loan, from a Member agency or two that may have significant reserves, until long term financing could be found and return with a revised proposal for Board consideration at the March meeting.
TO: SLDMWA Finance and Administration Committee and Board of Directors, Alternates  
FROM: Bob Martin, Engineering & Planning Department Manager  
DATE: February 4, 2019  
RE: Jones Pumping Plant Unit Rewind Project Plan

PROJECT INFORMATION

The Jones Pumping Plant (JPP) has a total of six (6) 22,500 horsepower motors, five (5) that are near end of service life. On February 5, 2017, SLDMWA executed a negotiated repayment contract with the US Bureau of Reclamation (USBR) which authorized USBR to provide up to five (5) million dollars in funds for the rewind of JPP Unit No. 6. NOTE: This repayment contract agreement (Contract No. 17-WC-20-5100) is specific to JPP Unit No. 6. Unit 6 rewind is now completed, and SLDMWA crews are in final unit reassembly and preparing to return the unit to service. Unit No. 6 final performance testing is scheduled for the week of February 11, 2019.

The next phase of the JPP Unit Rewind Project is to develop a project plan to rewind the five (5) remaining JPP units under one construction contract. Two options have been considered: Option 1. Rewind 1 unit per year for 5 consecutive years, and Option 2. Rewind 1 unit every 9 months. NOTE: Unit No. 6 from Notice to Proceed date to completion of field work was 9 months.

Several advantages for entering into one construction contract for the remaining 5 units are as follows:

1. One design for all 5 units ensures each unit will be refurbished using the same components (Laminations, coils, dowels, etc.). From an asset & maintenance management perspective, identical units allow for standardization of operation & maintenance protocols which improves overall O&M efficiencies. Additionally, one design reduces the amount of spare parts that are needed and stored and standardizes “as-built” drawings which simplifies drawing interpretation.
2. The same contractor will perform rewind on each of the five remaining units. Construction efficiencies and quality improvements from lessons learned will be developed throughout the construction contract which ultimately reduces cost and decreases the risk associated with schedule delays.

In addition to the above noted advantages, Option 2 offers the following advantages:

1. When units are rewound every 9 months or “back-to-back”, cost savings are realized from reduced contract mobilization costs and reduced project management cost.
2. Project is completed in 49 months versus 60 months. Since the remaining 5 units are approaching end of service life, we are proactively and strategically reducing the risk of
an in-service failure by completing the project 11 months faster than Option 1. In-service failure costs can be excessive, along with potentially not meeting contractor water deliveries.

This phase of the project will include the following:

1. Perform pre-award activities which include development of the bidding and contract documents (plans and specifications) for the rewind of JPP Unit Nos. 1, 2, 3, 4, & 5 as a bundled contract, project advertisement, pre-proposal mandatory project site visit, evaluation of bids, and contractor selection process.
2. Award construction contract and perform contract management activities on all 5 units which include contract submittal management, manufacturing shop and on-site construction inspection, project management activities, daily/weekly/monthly reporting, unit performance testing and warranty management.

Variable Frequency Drive (VFD) Option Discussion
The SLDMWA Board of Directors recommended to SLDMWA staff to consider installing a variable frequency drive (VFD) on one unit to improve JPP pumping rate flexibility, and to extend the service life of the units by reducing the number of starts that have been significantly increasing over the years due to changes in Delta operations. Initial discussions with Reclamation O&M and Denver Office technical staff have indicated that including the design and installation of a VFD on the final unit may not be viable. Reclamation has limited technical knowledge of VFD's installed on larger pumping units and installation of VFD on 22,500 HP units are rare. As a result, SLDMWA staff will continue to research this option and explore/evaluate other options to improve plant pumping rate flexibility and unit reliability.

The attached documents provide project cost information for each of the remaining five unit rewinds and the projected monthly spending plan for Option 2, the recommended 9 month per unit rewind project plan. These costs were developed based on actual costs documented with JPP Unit No. 6 rewind project. Lastly, a placeholder of approximately $4 million is included in the final year of each option for the design and construction of a feature that improves unit reliability and pumping rate flexibility.
San Luis & Delta-Mendota Water Authority
Proposed WY19 O&M Rates

FAC 2.4.19 / BOD 2.7.19

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San Luis & Delta-Mendota Water Authority
Self-Funding O&M Budget Comparison WY19/WY18
2.4.19 FAC / 2.7.19 BOD

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<th>Self-Funding PUE</th>
<th>Self-Funding SLJU</th>
<th>Volta Wells Outside Service (GWD)</th>
<th>Intertie DWR Conveyance</th>
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* Included in O&M Rate Calculation
  - O&M Reserve Obligation
  - Project Use Energy (PUE)
  - San Luis Joint Use (SLJU)
  - Volta Wells (DPWD & SLWD only)
  - Intertie DWR Conveyance
DATE: February 11, 2019
TO: Executive Committee
THROUGH: Jason Phillips, Chief Operating Officer
FROM: Douglas DeFlitch, Chief Operating Officer
SUBJECT: Revision to the Friant-Kern Canal Operations and Maintenance Cost and Exchange Supply Cost Recovery Methodology

SUMMARY:
A draft proposed revised cost recovery methodology was presented at the December 14, 2018 Board of Directors meeting. This proposed methodology covered both routine and extraordinary operations and maintenance for the remainder of Fiscal Year 2019 and subsequent years and for recovery of the costs associated with the anticipated program of operation and maintenance for the Delta-Mendota Canal and the Tracy and O’Neil Plants as those costs are applied to the delivery of water on behalf of Friant Division contractors to meet the obligations for providing an alternative supply of water as contemplated under the Contract for Exchange of Waters to the Exchange Contractors and for San Joaquin River Water Rights Settlement Contractors. It also included provisions for adding Restoration Water Account (RWA) water and Unreleased Restoration Flows (URFs) back into the calculation.

Revisions to the proposed methodology were suggested from several districts. The requests ranged from normalizing all water delivered in the system by contractor, and not by water type (Lindmore proposal), to leaving the methodology as proposed (Staff and GM Geivet response), and well as a request to separate OM&R from the subsidence project as proposed from Orange Cove ID. It was also suggested that we not include the water supplies from the Restoration programs (Arvin-Edison via Collup). Staff is requesting direction from the Executive Committee as to which analyses to prepare for review and discussion at the February Board meeting.

There was also a discussion on this issue at the Engineer/Managers meeting on Friday, February 8. There was no consensus on how to move forward, nor on whether this methodology would apply to the Subsidence/Capacity Project. Non- FWA contractors are curious about the letter of engagement.

DISCUSSION:
The cost recovery methodology establishes how the Friant Water Authority collects funds from Friant Division Contractors for obligations of the operation, maintenance and replacement of Friant Division facilities transferred to FWA as well as how funds are collected to cover costs associated with the deliver water under the Contract for Exchange Waters to the Exchange Contractors, and the San Joaquin River Water Rights Settlement Contractors.

The proposed clarification/revisions to the methodology – are: the clarification that extraordinary operations, maintenance and repairs necessary on the Friant-Kern Canal have always been part of permitted OM&R cost recovery – and the inclusion of water types more recently being delivered as
Restoration Water Account (RWA) and Unreleased Restoration Flow (URF).

In order to assist in the decision-making process staff has several questions that would help provide direction. These include:

- Should staff include URF and RWA water supplies in the cost allocation calculation?
- Should staff consider the possibility to have a different cost methodology for individual, significant projects (like Capacity Correction for Subsidence) versus amounts collected for more standard FKC OM&R or SLDMWA OM&R.
- Should staff prepare and present an analysis for each proposal sent to the Authority, or is there a smaller subset of suggestions that we should analyze and present?
- Would a cost recovery methodology workshop help narrow these options prior to presenting a revised proposal to the BOD in February or March?

**BUDGET IMPACT:**

The draft revision at this point is a policy discussion only – its currently does not change the budget or obligate the contractor’s to additional costs.

**ATTACHMENTS:**

- 2019 Preferred Staff Alternative
- Letter and information from OCID on Recovery Methodology
- Letter and information from Lindmore Irrigation District on Recovery Methodology
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<tr>
<td>17</td>
<td>484,108</td>
<td>748,355</td>
<td>1,232,463</td>
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<td>20.0477%</td>
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<tr>
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<td>23</td>
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<tr>
<td>24</td>
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<td>616,769</td>
<td>892,193</td>
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<td>20.1206%</td>
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<tr>
<td>25</td>
<td>978,378</td>
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<td>22.3550%</td>
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<tr>
<td>Total</td>
<td>29,399,828</td>
<td>17,173,915</td>
<td>46,573,743</td>
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<td>15.8360%</td>
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<tr>
<td>Average</td>
<td>1,175,993</td>
<td>686,957</td>
<td>10,691,532</td>
<td>57,265,275</td>
<td>31.5452%</td>
<td>15.8360%</td>
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</table>

- **Contract (w/o SJR):** 799,650 1,387,475
- **Contract %:** 85.9072% 30.8230%
- **Total Cost Ratio Class 1: Class 2:** 1.9920 1.0000
- **Delivery Ratio Class 1: Class 2:** 1.6063 1.0000
- **Cost Per A.F. Ratio Class 1: Class 2:** 1.2401 1.0000

**Notes:**

- FY96 adjusted for 200,000 a.f. of Class 1 voluntary reduction when water was ultimately available; FY97 adjusted for credit due to canal outage, adding back free water delivered to those contractors; FY98 adjusted for free and reduced price 215 water deliveries.

<table>
<thead>
<tr>
<th>Class 1</th>
<th>1,992t</th>
<th>1,000t</th>
</tr>
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**Friant-Kern Canal**

<table>
<thead>
<tr>
<th>Class 1</th>
<th>Class 1 Allocation</th>
<th>Class 2</th>
<th>Class 2 Allocation</th>
<th>TPP/O'Neill Pumping</th>
<th>Pumping Cost</th>
<th>DMC Conveyance</th>
<th>DMC Cost</th>
<th>Local Conveyance</th>
<th>Local Cost</th>
<th>Total Cost</th>
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<tbody>
<tr>
<td>Arvin-Edison WSD</td>
<td>40,000</td>
<td>93.50%</td>
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<td>5,000.00</td>
<td>$171,111.00</td>
<td>10,324,216</td>
<td>$1,352,171</td>
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<td>Delano-Earlimart</td>
<td>108,800</td>
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<td>47,500</td>
<td>1,776%</td>
<td>13,000.00</td>
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<td>3,875.00</td>
<td>$143,498</td>
<td>1.736%</td>
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<td>77,666</td>
<td>4.993%</td>
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<td>Garfield WD</td>
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<td>5,000</td>
<td>0.00%</td>
<td>45,247</td>
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<td>15,499</td>
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<td>15,513</td>
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<td>0.125%</td>
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<td>Ivanhoe ID</td>
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<td>-</td>
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<td>0.150%</td>
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<td>0.999%</td>
<td>5,514</td>
<td>0.125%</td>
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<td>5,765%</td>
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<td>337,780</td>
<td>2.496%</td>
<td>131,780</td>
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<td>$4,242,809</td>
<td>$8,616,916</td>
<td>21,387,529</td>
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<tr>
<td>Percentage of Total</td>
<td>82.456%</td>
<td>54.8973%</td>
<td>74.313%</td>
<td>24.8372%</td>
<td>82.456%</td>
<td>79.7345%</td>
<td>100.00%</td>
<td>82.456%</td>
<td>79.7345%</td>
<td>100.00%</td>
</tr>
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January 30, 2019

Dear Chairman Tantau

Re: FWA O&M Cost Recover Policy and Methodology

The Friant Water Authority established its O&M Cost Recovery Policy (Policy) and methodology (at least in part) to avoid legal issues associated with spending cost pooled dollars on projects that arguably benefit one or a subset of Contractors.

I do not believe the Reclamation Act allows cost pool participants to be charged for O&M or Capital Projects from which they do not derive a direct measurable benefit, unless there is a Policy Document in place that trumps this legal premise (i.e. the subject document, which if modified would do exactly this on a different “extraordinary” dimension). The California Aqueduct – Delta Mendota Canal Intertie is one example and another example is the California Water Fix. FWA avoided paying into these cost pools to the level advocated by others, under the beneficiary pays principal.

With routine FKC maintenance, payment without direct benefit happens periodically, but over time, every Contractor’s vital infrastructure gets touched and water deliveries continue to all without significant interruption. Given the fact that all FKC Contractors generally benefit from routine O&M (eventually) and given the fact that the dollars associated with routine maintenance are generally small on a cost per acre foot basis, the existing Policy is reasonable; it avoids the beneficiary pays argument. Modifying the Policy to include extraordinary O&M or Capital projects under the existing cost recovery methodology, is a step too far for the growers in the Orange Cove Irrigation District.

The subsidence fix is all-together a different animal compared to routine O&M. There is a reason extraordinary O&M isn’t part of the existing Policy. The disparity of costs per acre foot benefit for those downstream of the subsidence fix (those that will actually receive additional water by virtue of the expenditure), ranges over one full order of magnitude from approximately $100 per acre foot to $1,000 per acre foot (at the $400 million project cost). This fact illustrates an equity problem......if I can get water for $100 per af......of course my position is “yes, we gotta do this”......if I get water for $1000 per af, I say “wait a minute, why are they paying $100 per af when I pay $1,000 per af” and for Orange Cove Irrigation District to pay $1,000 per af for someone else to get water, I say......“you can’t be serious”!
For the Orange Cove Irrigation District, the annual costs for the fix at the $400 million level represent 45% of its entire budget.

All this is not to say that the Orange Cove Irrigation District isn't sympathetic to the issue, I appreciate that the FKC Contractors downstream of the subsidence did not cause the problem. I assure you if the Orange Cove Irrigation District were in the shoes of those whose deliveries were adversely affected by subsidence, its growers would reasonably pay for costs associated with increased supply and would not expect the burden of payment to fall on those not receiving a benefit. I think that the Orange Cove Irrigation District would pursue recovery of dollars from those who through groundwater pumping caused the problem.

If you have any questions, don’t hesitate to contact me at the office (559.626.4461) or on my cellular (559) 280-7382.

Fergus Morrissey  
Engineer-Manager  
Orange Cove Irrigation District

CC: Scott Kuney, Young Wooldridge  
  Don Davis, FWA General Counsel  
  Jason Phillips, FWA CEO  
  Orange Cove Irrigation District Board of Directors  
  (via email)
TO: FWA Board of Directors
FROM: Michael D. Hagman, General Manager
DATE: January 31, 2019
SUBJECT: Cost Allocation

After a review of the current proposed methodology for allocating future capital or extra-ordinary maintenance costs, I would like to express concerns that I have. I would like to address allocating based on potential benefit instead of actual benefits.

FWA’s current cost allocation process assigns costs on a quasi “potential benefit” methodology. This occurs because the methodology assumes that after looking at the total water delivered to contractors on the Friant-Kern Canal (FKC), all contractors will deliver their share of Class 1 (C1) or Class 2 (C2) water (based on contract available) whether they do or not is irrelevant in this methodology.

Understanding: Friant uses the Federal Schedule A-13 to gather and place into its allocation schedule, the total CVP and FKC deliveries. Regarding Friant deliveries, the methodology has two columns: Class 1 and Class 2. The allocation process expresses all Class 1 and all Class 2 deliveries, then allocates costs to FKC contractors based on their contract as a total regardless of whether or not a delivery was made to the contractor.

Example: After determining Class 1 contractors (in total) have delivered 500 TAF down the FKC and Class 2 has delivered 120 TAF down the FKC, the process then assumes, based on contract amount, a district actually delivered supply equivalent to their contract. However, if a district delivered nothing and moved all their contract supply to another, they are burdened with costs but had not received a benefit.

This doesn’t happen as often with C1 supply (although a recent example was Tulare ID transferred all of its WY2013 Class 1 to others and the FWA allocation method would have assumed they delivered a weighted share of supply based on contract amounts), However, it happens all the time with Class 2 supplies. Lindmore’s C2 contract would bear 2.12% of the Class 2 cost burden, however, Lindmore may never have taken any C2 water because we didn’t have a place to put uncontrolled season supply when it is available.

Proposal: I would suggest an allocation be based on actual deliveries. FWA would take the 25 historical delivery of each district and assign an allocation based on the weighted share of total deliveries. This data would better describe the derived benefit (amount of water delivered as a total of water delivered) of the FKC. Each year a district’s share of the costs would adjust based on its 25 years of history and the 25 year smooths out variances. In addition, all deliveries of water are counted (C1, C2, Sec. 215, URF, RWA, Warren Act, etc.) in the schedule. Fully describing what is delivered to them. Simply put, a district that has delivered 5% of the total water supply in the past 25 years would bear a 5% burden of the upcoming annual cost.

Basis: The USBR uses this method for prorating Irrigation Purpose allocated costs to its CVP beneficiaries.

Why: Districts who take less water than their contract are paying for potential benefits that they do not derive instead of actual benefits that they do derive.
DATE: FEBRUARY 11, 2019
TO: EXECUTIVE COMMITTEE
FROM: JASON PHILLIPS, CEO/DON WILLARD, CFO
SUBJECT: UPDATE ON SURPLUS / SHORTAGE FY 2019 GENERAL MEMBER BUDGET

1. SUMMARY:
Staff has reviewed the FY 2019 General Member Budget and updated the 2019 projected totals on the following line items:

Special Counsel – Water & Power Law Group, Projected total from $220K to $160K.
Professional Support –
  Bill Luce Consulting, Projected total from $100K to $75K.
  Steve Ottomoeller, Projected total from $130K to $45K.
  Kan Ventures, Unbudgeted added $130K.
Professional Support – The Ferguson Group, Projected total from $150K to $65K.
Other Supplies & Services – Meeting Expenses, Projected total from $65K to $41.1K.
Special Projects – Airborne Snow Observatory, Projected total from $148K to $15K.

2. BACKGROUND:
There are some new activities / projects that have come up since development of the FY 2019 General Member Budget that need to be addressed.

3. RECOMMENDED ACTION:
No action required.

ATTACHMENTS:
December 31, 2019 YTD Surplus Shortage Report
## General Members Budget
### Fiscal Year 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Approved Budget</th>
<th>FY 2020 Actuals</th>
<th>FY 2020 Projected</th>
<th>Surplus/(Shortage)</th>
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<td>Kan Ventures - (Austin Ewell)</td>
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<td>Professional Support - Communications &amp; Outreach</td>
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<td>The Ferguson Group</td>
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<td>Airborne Snow Observatory (NASA)</td>
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<td>COA Preparations</td>
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SUMMARY: In November 2018, Friant Water Authority (Friant) entered into a contract with Kan Ventures (part of the Ewell Group), for consulting services from Austin B. Ewell III (Mr. Ewell). Mr. Ewell is a principal of the Ewell Group and is involved in farming, water supply, land development, regulatory and policy consulting as well as government relations. Under the contract, Mr. Ewell will provide services to Friant with respect to such local, state and federal government relations, inter-governmental, legislative affairs, management, operations, and policy matters and projects as requested by the Chief Executive Officer (CEO) or other designees. In performing such services, Mr. Ewell will provide appropriate research, advice, reports, and other work as requested by the CEO or other designee.

The contract is set up as a monthly retainer per calendar month of $10,000 for time, and travel and other expenses are paid separately and only undertaken if approved in advance by the CEO or other designee.

DISCUSSION: The immediate need for additional consulting services arose with the announcement by Bill Luce that he would be retiring in mid 2019. Mr. Luce is currently under contract with Friant to provide oversight of the San Joaquin Restoration Program and to provide other project management, research, and policy advice as requested by the CEO or other designees. The need for these services still exists and Mr. Ewell brings expertise to provide seamless support.

In his previous role with Department of Interior, Mr. Ewell provided oversight and acted as the primary policy lead for the U.S. Bureau of Reclamation and the U.S Geological Survey. In this role he coordinated Interior’s sustainable hydropower strategy and overall water policy with a specific focus on California, represented Interior in key water matters including negotiations with California, infrastructure initiatives across the administration, title transfer legislation and directed Interior’s WIIN Act, Title XVI and Shake Alert initiatives.

RECOMMENDED ACTION: That the Executive Committee recommend the Board approve maintaining the contract with the Ewell Group for the services of Mr. Ewell.

SUGGESTED MOTION: A motion to recommend to the Board of Directors to authorize the CEO to maintain the current contract for consulting services with the Ewell Group.

BUDGET IMPACT: $10,000 per month retainer plus travel and other expenses. A gradual reduction in expenses to Mr. Luce over the course of the year will offset much of this additional expense.

ATTACHMENTS: Professional Services Agreement with Ewell Group
FRIANT WATER AUTHORITY

PROFESSIONAL SERVICES AGREEMENT

With

Ewell Group

Effective Date: November 1, 2018
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
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<tr>
<td>1</td>
<td>Term of Agreement</td>
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<tr>
<td>2</td>
<td>Scope and Performance of Services</td>
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<tr>
<td>3</td>
<td>Additional Services and Changes in Services</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Familiarity with Services and Site</td>
<td>2</td>
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<td>5</td>
<td>Compensation and Payment</td>
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<td>6</td>
<td>Required Documentation Prior to Performance</td>
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<td>7</td>
<td>Time of Performance; Excusable Delays; Extensions</td>
<td>3</td>
</tr>
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<td>8</td>
<td>Cooperation by Friant</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Project Documents</td>
<td>3</td>
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<td>10</td>
<td>Confidential Information; Release of Information</td>
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<td>11</td>
<td>Consultant’s Books and Records</td>
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<td>Status of Consultant</td>
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<td>Compliance with Applicable Laws</td>
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<td>19</td>
<td>Default; Limitations on Liability</td>
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<td>Termination of Agreement</td>
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<td>21</td>
<td>Notices</td>
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<td>22</td>
<td>General Provisions</td>
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EXHIBIT A – SCOPE OF SERVICES .......................................................... A-1
EXHIBIT B – KEY PERSONNEL & COMPENSATION ........................................... B-1
EXHIBIT C – INSURANCE ................................................................. C-1
PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement") is effective as of November 1, 2018 ("Effective Date"), and is between the Friant Water Authority, a California joint powers authority ("Friant") and KAN Ventures, Inc., a California Corporation DBA Ewell Group ("Consultant").

Section 1. Term of Agreement.

Subject to the provisions of Section 20 ("Termination of Agreement"), the term of this Agreement will be for a period commencing on the Effective Date and will terminate upon the completion of Consultant's services.

Section 2. Scope and Performance of Services.

2.1 Consultant agrees to perform the services set forth in Exhibit A ("Scope of Services"), which is made a part of this Agreement.

2.2 Consultant will furnish all of the labor, all supplies and materials, equipment, printing, vehicles, office space and facilities, and all analyses, and all other means, except as otherwise expressly specified in this Agreement, necessary to perform the services required of Consultant under this Agreement.

2.3 Consultant's designated representative who is authorized to act on its behalf and to make all decisions in connection with the performance of services under this Agreement is listed in Exhibit B ("Key Personnel & Compensation"), which is made a part of this Agreement.

2.4 Consultant must obtain Friant's prior written approval before utilizing any subcontractors to perform any services under this Agreement. This written approval must include the identity of the subcontractor and the terms of compensation.

2.5 Consultant represents that it has the qualifications and experience necessary to properly perform the services required under this Agreement in a thorough, competent and professional manner. Consultant will at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described in this Agreement. In meeting its obligations under this Agreement, Consultant must employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of Consultant under this Agreement.

2.6 Friant may accept or reject any of Consultant's work under this Agreement, either during performance or when completed. Acceptance of any of Consultant's work by Friant will not constitute a waiver of any of the provisions of this Agreement.

Section 3. Additional Services and Changes in Services.

3.1 Consultant will not be compensated for any services rendered in connection with its performance of this Agreement that are in addition to or outside of those set forth in the Scope of Services or otherwise required by this Agreement, unless such additional services are authorized in advance and in writing by Friant.
3.2 If Consultant believes that additional services are needed to complete the Scope of Services, Consultant will provide Friant with written notification describing the proposed additional services, the reasons for such services, and a detailed proposal regarding cost.

3.3 Friant may order changes to the Scope of Services, consisting of additions, deletions, or other revisions, and the compensation to be paid Consultant will be adjusted accordingly. All such changes must be authorized in writing, and executed by Consultant and Friant. The cost or credit to Friant resulting from changes in the services will be determined by the written agreement between the parties.

Section 4. Familiarity with Services and Site

4.1 By executing this Agreement, Consultant represents that Consultant:

(a) has thoroughly investigated and considered the Scope of Services to be performed;

(b) has carefully considered how the services should be performed;

(c) understands the facilities, difficulties, and restrictions attending performance of the services under this Agreement; and

(d) possesses all licenses required under local, state or federal law to perform the services contemplated by this Agreement, and will maintain all required licenses during the performance of this Agreement.

Section 5. Compensation and Payment

5.1 Subject to any limitations set forth in this Agreement, Friant agrees to pay Consultant the amounts specified in Exhibit B ("Key Personnel & Compensation"). The total compensation, including reimbursement for actual expenses, may not exceed the amount set forth in Exhibit B, unless additional compensation is approved in writing by Friant.

5.2 The use of subconsultants will not be considered a reimbursable expense, and such costs must be applied towards the approved budgeted amount.

5.3 Each month during the term of this Agreement, Consultant must furnish Friant with an original invoice for all services performed and expenses incurred during the preceding month in accordance with the fee schedule set forth in Exhibit B. In order to ensure prompt processing in a particular month, invoices should be submitted by the 9th day of such month. The invoice must detail charges by the following categories, as applicable: labor (by subcategory), reimbursable costs, subcontractor contracts and miscellaneous expenses. The invoice must list, as applicable, the hours worked, the tasks performed. Activities must be coded with the applicable Friant bill codes, if any, assigned by Friant. Friant may reject invoices that do not include these codes.

5.4 Friant will review each invoice submitted by Consultant to determine whether the work performed and expenses incurred are in compliance with this Agreement. In the event that no charges or expenses are disputed, the invoice will be approved and paid. In the event any charges or expenses are disputed by Friant, the invoice will be returned by Friant to Consultant for correction and resubmission.
5.5 Except as to any charges for work performed or expenses incurred by Consultant that are disputed by Friant, Friant will cause Consultant to be paid within 30 days of receipt of Consultant’s invoice.

5.6 Payment to Consultant for services performed under this Agreement may not be deemed to waive any defects in the services performed by Consultant, even if such defects were known to Friant at the time of payment.

5.7 Friant reserves the right to withhold future payment to Consultant if any aspect of the Consultant’s work is found substantially inadequate.

Section 6. **Required Documentation Prior to Performance.**

6.1 Consultant may not perform any services under this Agreement until:

(a) Consultant furnishes proof of insurance as required under Exhibit C;

(b) Consultant provides Friant with a Taxpayer Identification Number;

(c) Friant gives Consultant a written notice to proceed.

6.2 Friant will have no obligation to pay for any services rendered by Consultant in advance of receiving written authorization to proceed, and Consultant acknowledges that any such services are at Consultant’s own risk.

Section 7. **Time of Performance; Excusable Delays; Extensions.**

7.1 Consultant must adhere to all schedules and deadlines set forth in this Agreement.

7.2 Consultant will not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of Consultant. Such causes include, but are not limited to, acts of God, acts of terrorism, acts of federal, state or local governments, acts of Friant, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather.

7.3 If Consultant is delayed by any cause beyond Consultant’s control, Friant may grant, but is not required to, a time extension for the completion of services. If delay occurs, Consultant must notify Friant within 48 hours, in writing, of the cause and the extent of the delay and how such delay interferes with Consultant’s performance of services.

Section 8. **Cooperation by Friant.**

All public information, data, reports, records, and maps as are existing and available to Friant as public records, and which are necessary for carrying out the Scope of Services will be furnished to Consultant in every reasonable way to facilitate, without undue delay, the services to be performed under this Agreement.

Section 9. **Project Documents.**

9.1 All original computer programs, data, designs, drawings, files, maps, memoranda, models, notes, photographs, reports, studies, surveys and other documents (collectively, “Project
Documents”) prepared, developed or discovered by Consultant in the course of providing services under this Agreement will become the sole property of Friant and may be used, reused or otherwise disposed of by Friant without the permission of Consultant. Consultant will take such steps as are necessary to perfect or protect the ownership interest of Friant in such Project Documents. Upon completion, expiration or termination of this Agreement or upon request by Friant, Consultant must turn over to Friant all such original Project Documents in its possession; provided, however, that Consultant may retain copies of Project Documents. Friant acknowledges and agrees that use of Consultant’s completed work product, for purposes other than identified in this Agreement, or use of incomplete work product, is at Friant’s own risk. If necessary, Consultant agrees to execute all appropriate documents to assign to Friant the copyright or intellectual property rights to the Project Documents created pursuant to this Agreement.

9.2 Except as necessary for the performance of services under this Agreement, no Project Documents prepared under this Agreement, will be released by Consultant to any other person or entity without Friant’s prior written approval.

Section 10. Confidential Information; Release of Information.

10.1 All information gained or work product produced by Consultant in performance of this Agreement will be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant may not release or disclose any such information or work product to persons or entities other than Friant without prior written authorization from Friant, except as may be required by law.

10.2 Consultant may not, without prior written authorization from Friant or unless requested by Friant’s general counsel or attorneys, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the services performed under this Agreement. Response to a subpoena or court order will not be considered “voluntary” provided Consultant gives Friant notice of such court order or subpoena.

10.3 If Consultant provides any information or work product (including Project Documents) in violation of this Agreement, then Friant will have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney’s fees, to the extent caused by or incurred as a result of Consultant’s conduct.

10.4 Consultant must promptly notify Friant should Consultant, its officers, employees, or agents be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the services performed under this Agreement. Friant retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with Friant and to provide Friant with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by Friant to control, direct, or rewrite such response.

10.5 All media and press releases, including graphic display information, must be approved and distributed solely by Friant, unless otherwise agreed to in writing by Friant. All media interviews regarding the performance of services under this Agreement are prohibited unless expressly authorized by Friant.
Section 11. Consultant's Books and Records.

11.1 Consultant must maintain all documents and records demonstrating or relating to Consultant's performance of services under this Agreement, including ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to Friant under this Agreement. All financial documents or records must be maintained in accordance with generally accepted accounting principles and all other documents must be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by Consultant under this Agreement. All such documents or records must be maintained for at least three years following the final payment under this Agreement.

11.2 Any and all records or documents required to be maintained by this section must be made available for inspection, audit and copying, at any time during regular business hours, upon written request by Friant or its designated representative. Copies of such documents or records must be provided directly to Friant for inspection, audit and copying when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records must be made available at Consultant's address indicated for receipt of notices in this Agreement.

11.3 Where Friant has reason to believe that any of the documents or records required to be maintained by this section may be lost or discarded due to dissolution or termination of Consultant's business, Friant may, by written request, require that custody of such documents or records be given to a person or entity mutually agreed upon and that such documents and records thereafter be maintained by such person or entity at Consultant's expense. Access to such documents and records must be granted to Friant, as well as to its successors-in-interest and authorized representatives.


12.1 Consultant is and will at all times remain a wholly independent contractor and not an officer or employee of Friant. Consultant has no authority to bind Friant in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against Friant, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by Friant.

12.2 Neither Friant, nor any elected or appointed boards, officers, officials, employees or agents of Friant, will have control over the conduct of Consultant except as provided in this Agreement. Consultant agrees that it will not at any time or in any manner represent that Consultant is in any manner an official, officer, or employee of Friant.

12.3 Consultant will not obtain any rights to retirement, health care or any other benefits which may otherwise accrue to Friant's employees. Consultant expressly waives any claim to any such rights or benefits.

Section 13. Compliance with Applicable Laws.

13.1 In General. Consultant must use the standard of care in its profession to keep itself informed of and comply with all federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this Agreement that apply to the services performed by Consultant.
13.2 Professional Licenses and Approvals. Consultant agrees that it will, at its sole cost and expense, obtain and maintain in effect at all times during the term of this Agreement any licenses, permits, insurance and approvals that are legally required for Consultant to practice its profession.

Section 14. [Intentionally Omitted]

Section 15. Conflicts of Interest

15.1 Consultant covenants that Consultant has not and will not acquire any financial interest, directly or indirectly, that would conflict in any manner with the interests of Friant or that would in any way hinder Consultant's performance of services under this Agreement. Consultant's attention is directed to the conflict of interest rules applicable to governmental decision-making contained in the Political Reform Act (California Government Code Section 87100 and following) and its implementing regulations (California Code of Regulations, Title 2, Section 18700 and following), and California Government Code section 1090.

15.2 Consultant covenants that Consultant will not make, participate in the making, or in any way attempt to use the position of Consultant to influence any decision of Friant in which Consultant knows or has reason to know that Consultant has any of the financial interests listed in Government Code section 87103.

15.3 Friant understands and acknowledges that Consultant may provide non-related services for other governmental agencies and private parties. Consultant is involved in developing projects for their own account, and one such project known as Millerton New Town holds water supply contracts through Fresno County for the delivery of M&I water. Consultant's key person, Austin Ewell, is a licensed California attorney, but will not be acting as counsel for Friant, which has its own independent representation. Consultant represents that, except as otherwise disclosed to Friant, it will not be involved in any matter that may conflict with any stated position or goal of Friant.

Section 16. Indemnification

16.1 The parties agree that Friant should, to the fullest extent permitted by law, be defended, indemnified, and held harmless from all Services Claims and Operations Claims (each defined below) related to the performance by Consultant of this Agreement. Accordingly, the provisions of this section are intended by the parties to be interpreted and construed to provide Friant with the fullest protection possible under the law. Consultant acknowledges that Friant would not enter into this Agreement in the absence of Consultant's commitment to defend, indemnify, and hold harmless Friant as set forth in this section.

16.2 For the purposes of this section, “Friant” includes Friant’s officers, officials, employees, agents and volunteers, and “Consultant” includes Consultant’s officers, officials, employees, agents and subcontractors and any other persons for whom Consultant is legally responsible.

16.3 With respect to the performance of professional services under this Agreement where the law establishes a professional standard of care for such services, Consultant agrees to indemnify, and hold harmless Friant from and against all liabilities, damages, losses, and costs, including but not limited to reimbursement of reasonable attorney’s fees and all other costs of defense, to the extent caused by the negligence, recklessness, or willful misconduct of Consultant (collectively, “Services Claims”).
16.4 With respect to the acts and operations of Consultant under this Agreement other than the performance of professional services, Consultant agrees to defend, indemnify, and hold harmless Friant from and against any and all claims, liabilities, damages, losses, and costs, including but not limited to reasonable attorney's fees and all other costs of defense, to the extent caused, in whole or in part, by the negligence, recklessness, or willful misconduct of Consultant, and excepting only those claims, damages, liabilities, losses, and costs caused by Friant's sole negligence or willful misconduct (collectively, "Operations Claims").

16.5 Consultant must notify Friant within five days of receipt of notice of any Operations Claims or Services Claims made or legal action initiated that arises out of or pertains to Consultant's performance of services under this Agreement.

16.6 Consultant's duty to defend Operations Claims is a separate and distinct obligation from Consultant's duty to indemnify Friant for any Services Claims. Consultant is obligated to defend Friant in all legal, equitable, administrative, or special proceedings, with counsel approved by Friant, immediately upon tender to Consultant of an Operations Claim in any form or at any stage of an action or proceeding, whether or not liability is established.

16.7 Consultant agrees that settlement of any Operations or Services Claim against Friant requires the consent of Friant. Friant agrees that its consent will not be unreasonably withheld provided that Consultant is financially able (based on demonstrated assets including insurance) to fulfill its obligation to indemnify Friant for the costs of any such settlement as required under this Agreement.

16.8 The insurance required to be maintained by Consultant under this Agreement is intended to ensure Consultant's obligations under this section, but the limits of such insurance do not limit the liability of Consultant.

16.9 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth in this section from each subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations from others as required, Consultant will be fully responsible for all obligations under this section. Friant's failure to monitor compliance with this requirement imposes no additional obligations on Friant and will in no way act as a waiver of any rights under this Agreement.

16.10 The provisions of this section will survive the expiration or earlier termination of this Agreement in accordance with the applicable provisions of Exhibit C ("Insurance").

Section 17. Insurance.

Consultant agrees to obtain and maintain in full force and effect during the term of this Agreement the insurance coverages listed in Exhibit C ("Insurance"), which is made a part of this Agreement. All insurance policies are subject to approval by Friant as to form and content. These requirements are subject to amendment or waiver if so approved in writing by Friant.

Section 18. Assignment.

The expertise and experience of Consultant are material considerations for this Agreement. Friant has an interest in the qualifications of and capability of the persons and entities that will fulfill the duties and obligations imposed upon Consultant under this Agreement. In recognition of that interest, Consultant may not assign or transfer this Agreement or any portion of this Agreement or the
performance of any of Consultant's duties or obligations under this Agreement without the prior written consent of Friant, which may be withheld in Friant's sole discretion. Any attempted assignment will be null and void, and will constitute a material breach of this Agreement entitling Friant to any and all remedies at law or in equity, including summary termination of this Agreement.

Section 19. Default; Limitations on Liability.

19.1 In the event that Consultant is in default under the terms of this Agreement, Friant will have no obligation or duty to continue compensating Consultant for any services performed after Friant provides written notice to Consultant of such default.

19.2 Consultant agrees that no Friant official, officer, employee or agent will be personally liable to Consultant in the event of any default or breach of Friant, or for any amount which may become due to Consultant, or for any obligations directly or indirectly incurred under this Agreement.

19.3 Friant's liability under this Agreement is limited to payment of Consultant in accordance with the terms of this Agreement and excludes any liability whatsoever for consequential or indirect damages even if such damages are foreseeable.

Section 20. Termination of Agreement.

20.1 Friant may terminate this Agreement, with or without cause, at any time upon 30 days prior written notice of termination to Consultant. In the event such notice is given, Consultant must cease immediately all work and services in progress.

20.2 Consultant may terminate this Agreement at any time upon 30 days' prior written notice of termination to Friant.

20.3 Upon termination of this Agreement by either Consultant or Friant, all property belonging to Friant that is in Consultant's possession must be returned to Friant. Consultant must promptly deliver to Friant a final invoice for all outstanding services performed and expenses incurred by Consultant as of the date of termination. Compensation for work in progress not based on an hourly rate will be prorated based on the percentage of work completed as of the date of termination.

20.4 Consultant acknowledges Friant's rights to terminate this Agreement as provided in this section, and hereby waives any and all claims for damages that might otherwise arise from Friant's termination of this Agreement.


21.1 All written notices required or permitted to be given under this Agreement will be deemed made when received by the other party at its respective address as follows:
To Friant:
Friant Water Authority
854 N. Harvard Ave.
Lindsay, CA 93247
Attention: Jason Phillips, CEO
(Tel.) 559-562-6305
(Fax) 559-562-3496
(Email) jphillips@friantwater.org

To Consultant:
KAN Ventures, Inc.
735 W. Alluvial Ave #103, Fresno, CA 93711
Attention: Austin Ewell
(Tel.) 559-437-1990
(Fax) 559-437-1992
(Email) austin@ewellgroup.com

21.2 Notice will be deemed effective on the date personally delivered or electronically transmitted by facsimile. If the notice is mailed, notice will be deemed given three days after deposit of the same in the custody of the United States Postal Service, postage prepaid, for first class delivery, or upon delivery if using a major courier service with tracking capabilities.

21.3 Any party may change its notice information by giving notice to the other party in compliance with this section.

Section 22. General Provisions.

22.1 Authority to Execute; Counterparts. Each party represents and warrants that all necessary action has been taken by such party to authorize the undersigned to execute this Agreement and to bind it to the performance of its obligations hereunder. This Agreement may be executed in several counterparts, each of which will constitute one and the same instrument and will become binding upon the parties when at least one copy has been signed by both parties.

22.2 Entire Agreement. This Agreement, including the attached Exhibits A through C, is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed in this Agreement and supersedes all other agreements or understandings, whether oral or written, between Consultant and Friant prior to the execution of this Agreement.

22.3 Binding Effect. This Agreement is binding upon the heirs, executors, administrators, successors and assigns of the parties.

22.4 Modification of Agreement. No amendment to or modification of this Agreement will be valid unless made in writing and approved by Consultant and by Friant Board of Directors or Friant CEO or COO, as applicable. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver will be void.

22.5 Electronic Signatures. This Agreement and any amendment will be considered executed when the signature page of a party is delivered by electronic transmission. Such electronic signatures will have the same effect as an original signature.
22.6 **Waiver.** Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement will not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement will not constitute a waiver of any other provision, or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by Friant of any services by Consultant will not constitute a waiver of any of the provisions of this Agreement.

22.7 **Interpretation.** This Agreement will be interpreted, construed and governed according to the laws of the State of California. Each party has had the opportunity to review this Agreement with legal counsel. The Agreement will be construed simply, as a whole, and in accordance with its fair meaning. It will not be interpreted strictly for or against either party.

22.8 **Severability.** If any term, condition or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement will not be affected and the Agreement will be read and construed without the invalid, void or unenforceable provision.

22.9 **Venue.** In the event of litigation between the parties, venue in will be exclusively in a state court in the County of Tulare, California.

22.10 **Audit.** Consultant acknowledges and agrees that under Government Code section 8546.7, this Agreement is subject to the examination and audit of the California State Auditor, at the request of Friant or as part of any audit of Friant, for a period of three years after final payment under this Agreement.

[Signatures on the following page.]
THE UNDERSIGNED AUTHORIZED REPRESENTATIVES OF the parties hereby execute this Agreement as follows:

FRIANT WATER AUTHORITY

[Signature]
Jason Phillips, Chief Executive Officer

[Signature]
Don Willard, Chief Financial Officer

APPROVED AS TO FORM:

[Signature]
Donald M. Davis, General Counsel

CONSULTANT:
KAN Ventures, Inc., a California corporation

By
[Signature]
Name: Austin Ewell
Title: President
EXHIBIT A

SCOPE OF SERVICES

Consultant will provide services to Friant with respect to such local, state and federal government relations, inter-governmental, legislative affairs, management, operations, and policy matters and projects as requested by the Chief Executive Officer (CEO) or other designees. In performing such services, Consultant will provide appropriate research, advice, reports, and other work as requested by the CEO or other designee.

Consultant will provide the CEO, bimonthly, a summary of priority activities undertaken as well as the "Projected Workload" of upcoming activities (e.g. scheduled meetings, conference calls, etc.).

Consultant will provide an invoice to Friant within 5 business days of the end of each month.
EXHIBIT B

KEY PERSONNEL & COMPENSATION

The key person providing services for Consultant will be Austin Ewell, who is authorized to make decisions and act on behalf of Consultant.

Friant will pay the Consultant through a monthly retainer of $10,000 per calendar month.

Travel on behalf of Friant will only be undertaken if approved in advance by the CEO or other designee. Such approval will be deemed as having been given upon acceptance of the Projected Workload by the CEO or other designee on or about the first of each month as noted in Exhibit A.

Mileage reimbursement will be based on miles calculated via Google Maps and will be at the applicable IRS rate in effect at the time mileage is traveled.

Expenses for travel using some other mode of transportation (e.g. air) will be reimbursed at cost.

There will be no reimbursement for meals requested unless there are special circumstances. Such circumstances could be, for example, if the CEO or other designee were to ask the Consultant to hold a lunch meeting with someone on behalf of Friant. Such meals will only be undertaken if approved in advance by the CEO or other designee.

Overnight travel will only be undertaken if approved in advance by the CEO or other designee. Reimbursement parameters for overnight expenses will be negotiated between the CEO or other designee and the Consultant on a case-by-case basis in a manner consistent with Friant’s travel and reimbursement policy for officials.
EXHIBIT C

INSURANCE

1. **Required Insurance.** Before commencing any services, Consultant must procure and maintain in full force and effect during the term of this Agreement the following types of insurance with at least the minimum coverage listed and subject to the applicable additional requirements set forth below:

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Limits (combined single)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Liability</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Automobile Liability</td>
<td>$500,000 (injury) / $100,000 (property)</td>
</tr>
<tr>
<td>Professional Liability</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

2. **Insurance Rating.** All insurance required to be maintained by Consultant must be issued by companies licensed by or admitted to conduct insurance business in the State of California by the California Department of Insurance and have a rating of A- or better and Financial Size Category Class VII or better by the latest edition of A.M. Best’s Key Rating Guide, unless otherwise approved by Friant’s legal counsel.

3. **Personal Liability Insurance.** The amount of insurance set forth above must be a combined single limit per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability for the policy coverage. The insurance must be on an “occurrence” not a “claims made” basis.

4. **Automobile Insurance.** If Consultant will use personal autos in connection with the provision of services under this Agreement, Consultant will provide evidence of personal auto liability coverage.

5. **Professional Liability (Errors & Omissions) Insurance.** The professional liability insurance must cover the services to be performed under this Agreement and must be in an amount not less than $1,000,000. The coverage must be provided on a “claims made” basis. Consultant must maintain continuous coverage through a period not less than three years after the completion of the services required under this Agreement.

6. **Additional Insureds.** Each Liability Insurance policy and Auto Insurance policy must provide that Friant, its officials, officers, employees, agents and volunteers are “additional insureds” under the terms of the policy, and must provide that an act or omission of one the insureds will not reduce or avoid coverage to the other insureds.

7. **Deductibles and Self-Insured Retention.** Any deductibles or self-insured retentions applicable to the insurance policies required under this Agreement must be declared to and approved by Friant. In no event may any required insurance policy have a deductible, self-insured retention or other similar policy provision in excess of $50,000 without prior written approval by Friant in its sole discretion. At the option of Friant, either the insurer will reduce or eliminate such deductibles or self-insured retentions with respect to Friant’s additional insureds or Consultant will procure a bond guaranteeing payment of any losses, damages, expenses, costs or settlements up to the amount of such deductibles or self-insured retentions.

8. **Certificates of Insurance and Endorsements; Notice of Termination or Changes to Policies.** Prior to commencing any services under this Agreement, Consultant must file with Friant
certificates of insurance and endorsements evidencing the existence of all insurance required by this Agreement, along with such other evidence of insurance or certified copies of policies as may reasonably be required by Friant. These certificates of insurance and endorsements must be in a form approved by Friant's legal counsel. Consultant must maintain current certificates and endorsements on file with Friant during the term of this Agreement reflecting the existence of all required insurance. Each of the certificates must expressly provide that no material change in the policy, or termination or cancellation of the required coverage, will be effective except upon 30 days' prior written notice to Friant by certified mail, return receipt requested. The delivery to Friant of any certificates of insurance or endorsements that do not comply with the requirements of this Agreement will not waive Friant's right to require compliance. In the event that Consultant's policies are materially changed, Consultant must provide Friant with at least 30 days' prior written notice of the applicable changes.

9. **Effect of Coverage.** The existence of the required insurance coverage under this Agreement will not be deemed to satisfy or limit Consultant's indemnity obligations under this Agreement. Consultant acknowledges that the insurance coverage and policy limits set forth in this Agreement constitute the minimum coverage and policy limits required. Should any coverage carried by the Consultant or any subcontractor of any tier have limits of liability that exceed the limits or have broader coverage than required in this Agreement, those higher limits and that broader coverage are deemed to apply for the benefit of any person or organization included as an additional insured and those limits and broader coverage will become the required minimum limits and insurance coverage in all sections of this Agreement. Any insurance proceeds available to Friant in excess of the limits and coverages required by this Agreement, and which is applicable to a given loss, must be made available to Friant to compensate it for such losses.

10. **Right to Revise Insurance Specifications.** Friant reserves the right to change the amounts and types of insurance required by giving Consultant at least 90 days' advance written notice of such change. If such change results in substantial additional cost to Consultant, the parties may renegotiate Consultant's compensation.

11. **Timely Notice of Claims.** Consultant must give Friant prompt notice of claims made of lawsuits initiated that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability insurance policies.
DATE:    February 11, 2019  
TO:    Executive Committee  
FROM:   Alex Biering, Government Affairs and Communications Manager  
SUBJECT: Government Affairs and Communications Report

SUMMARY:
Update on state and federal legislation and related activities; staff analysis and recommendations related to two pieces of legislation, Assembly Constitutional Amendment (ACA) 3 and Senate Bill (SB) 62; other updates related to communications.

RECOMMENDED ACTION:
The Executive Committee should recommend that the Board of Directors take a position of “Support” for ACA 3 and SB 62.

SUGGESTED MOTION:
Motion to recommend that the Board of Directors take a position of “Support” for ACA 3 and SB 62 and authorize staff to prepare and transmit letters of support to the bills’ authors.

DISCUSSION:

1. Federal Update
   • Forthcoming nomination of David Bernhardt to be Secretary of the Interior.
   • Report out from FWA delegation trip to Washington, DC, on February 4-7.

2. State Update
   • Status of safe drinking water legislation proposed by Governor Newsom’s administration.
   • Status of potential FWA-sponsored bills for the 2019-2020 Legislative session.

A. ACA 3 (Mathis)
   On January 3, 2019, Assemblyman Devon Mathis (R-Visalia) introduced ACA 3, the Clean water for All Act, which is a constitutional amendment that would create a permanent annual source of funding for water infrastructure and maintenance. The bill is cosponsored by Eduardo Garcia (D-Coachella).

Existing Law: There is no existing source of continuous, annual funding for water infrastructure investments by the State of California. Construction and maintenance of State Water Project facilities are paid for by users of the facilities, levees and flood protection facilities are largely paid for by local beneficiaries, and nearly all other state-level funding comes from periodic passage of statewide bonds.
**Bill Summary:** This measure would annually set aside 2% of the General Fund budget to be allocated for funding any and all water improvement projects in the state, such as environmental quality, groundwater clean-up and recharge, infrastructure (including conveyance and storage), and emergency drinking water programs. The funds would be allocated as follows: 5% to pay down principal and interest on Proposition 1, and the remainder split 60% and 40% to the California Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB), respectively.

**Staff Analysis:** The California Legislature has had many discussions over the past few years about how to develop stable and sustainable funding sources for water infrastructure investments that are beyond the capacity of local, regional, or state entities to pay for. Assemblyman Mathis introduced a bill similar to ACA 3 during the 2017-2018 legislative session, but the conversation about ongoing water funding has taken on greater significance for many with the defeat of Proposition 3 and safe drinking water bills last year. A large proportion of California’s budget every year is determined by preset spending formulas in the state constitution for certain types of expenditures (Proposition 98 and K-12 school spending, for example); this bill would add water investments to that group of budget formulas. If ACA 3 were in place last year, the 2018-2019 California Budget would have dedicated $2.6 billion to these projects from the General Fund for this year alone.

As of now, the bill language contains no restrictions or criteria for making grant awards; it does not limit funding to state-owned facilities, for example. This is by intent, per the author’s office. Thus, if enacted, the annual funding provided by ACA 3 would be potentially available for the Friant-Kern Canal repairs, Temperance Flat, or other investments in water infrastructure and projects throughout the state. The author’s office also touts this bill as an alternative to the safe drinking water bills (SB 623 [2017] and the Newsom Administration’s 2019 budget trailer bill).

**B. SB 62 (Dodd)**

On January 3, 2019, Senator Bill Dodd (D-Napa) introduced SB 62, a bill that would extend existing protections from prosecution under the California Endangered Species Act (CESA) for accidental take” of special status species during routine farming activities.

**Existing Law:** Under current law, accidental (unintended or unforeseen) take of candidate, threatened, or endangered species is not prohibited if it is the result of an act that occurs on a farm or ranch in the course of an otherwise lawful routine and ongoing agricultural activity (Fish & G. Code § 2087). The original bill to establish the exemption was passed in the 1990s and extensions were granted in 2008, 2010 and 2013. The 2013 exemption is set to sunset in January 2020.

**Bill Summary:** This measure would make the accidental take exemption under CESA permanent for routine agricultural activity.

**Staff Analysis:** The accidental take exemption means that farmers engaged in normal farming operations who accidentally take a listed species are exempt from fines or prosecution. The origins of the exemption are related to attempted prosecution during the early 1990s of a landowner near
Bakersfield who had killed five kangaroo rats while tilling a field. The exemption has now been in place in one form or another for several decades and has bipartisan support (its original champion was Jim Costa and the last three sponsors were Democrats). Since the extension is routinely granted it makes sense to make the exemption permanent, but it’s unclear whether that will be successful (versus simply granting another exemption) without some concessions, such as potentially requiring landowners to keep and or report records of “accidental take” incidents.

3. **Communications Activities** – Current activities intended to support awareness of Friant activities, growth of the Friant brand, and educational efforts:
   - Waterline eNewsletter
   - Weekly “news stories”/vlogs
   - 2019 Annual Meeting

**BUDGET IMPACT:**

None.

**ATTACHMENTS:**

Bill tracker (updated 2/7/19), ACA 3 (1/16/19 version), and SB 62 (1/3/19 version).
# Legislative Tracker

**FRIANT WATER AUTHORITY**

**February 7, 2019**

## State Bills

<table>
<thead>
<tr>
<th>Bill</th>
<th>Title (Author) &amp; Date</th>
<th>Description</th>
<th>Positions</th>
<th>FWA</th>
<th>ACWA</th>
<th>Status</th>
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<tr>
<td>AB 134</td>
<td>Safe, clean, affordable, and accessible drinking water (Bloom) – 12/5/18 version</td>
<td>Would state findings and declarations relating to the intent of the Legislature to adopt policies to ensure that every Californian has the right to safe, clean, affordable, and accessible drinking water.</td>
<td>NYC</td>
<td>Watch</td>
<td>Read first time (1/7).</td>
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<tr>
<td>AB 217</td>
<td>Safe and Affordable Drinking Water Fund (Garcia) – 1/16/19 version</td>
<td>Would state findings and declarations relating to the intent of the Legislature to adopt policies to ensure that every Californian has the right to safe, clean, affordable, and accessible drinking water. No details on funding sources, etc.</td>
<td>NYC</td>
<td>Watch</td>
<td>In Assembly Environmental Safety and Toxic Materials Committee (2/5).</td>
<td></td>
</tr>
</tbody>
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1 Updates since the last version are included in **bold text**.
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<thead>
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</thead>
<tbody>
<tr>
<td>AB 328</td>
<td>Integrated regional water management plans: grant funding: upper watershed health (Mathis) – 2/5/19 version</td>
<td>Current law provides that an integrated regional water management plan is eligible for funding allocated specifically for implementation of integrated regional water management. Current law requires certain state agencies to include in any set of criteria used to select projects and programs for funding, a criterion that provides a preference for regional projects or programs. This bill would require the department to include in any criteria used to select a project or program for grant funding authorized on or after January 1, 2020 a criterion that provides a preference for a regional water management group undertaking a project improving upper watershed health upstream and outside of the defined geographical area covered by the group’s plan.</td>
<td></td>
<td>NYC</td>
<td>NYC</td>
<td>May be heard in committee March 8.</td>
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<td>ACA 3</td>
<td>Water: minimum funding guarantee (Mathis) – 1/16/19 version</td>
<td>Would additionally require, commencing with the 2021–22 fiscal year, not less than 2% of specified state revenues to be set apart for the payment of principal and interest on bonds authorized pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014; water supply, delivery, and quality projects administered by the department, and water quality projects administered by the state board, as provided. Funds would be continuously appropriated and distributed as follows: 5% to pay down Prop. 1; 57% to be disbursed by DWR for water supply, delivery, and quality projects, including for conveyance, recharge, subsidence abatement, and storage; 38% to the SWRCB for water quality projects.</td>
<td></td>
<td>NYC</td>
<td>NYC</td>
<td>May be heard in committee after 2/16.</td>
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<td>TBD</td>
<td>Groundwater recharge bill</td>
<td>TBD – Based on last year’s AB 2649</td>
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<td>Bill</td>
<td>Title (Author) &amp; Date</td>
<td>Description</td>
<td>Positions</td>
<td>FWA</td>
<td>ACWA</td>
<td>Status</td>
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<td>SB 19</td>
<td>Water resources: stream gages (Dodd) – 1/16/19 version</td>
<td>Would require the Department of Water Resources and the State Water Resources Control Board, upon an appropriation of funds by the Legislature, to develop a plan to deploy a network of stream gages that includes a determination of funding needs and opportunities for modernizing and reactivating existing gages and deploying new gages, as specified. The bill would require the department and the board, in consultation with the Department of Fish and Wildlife, the Department of Conservation, the Central Valley Flood Protection Board, interested stakeholders, and, to the extent they wish to consult, local agencies, to develop the plan to address significant gaps in information necessary for water management and the conservation of freshwater species.</td>
<td>NYC</td>
<td>Support</td>
<td>Referred Natural Resources &amp; Water Committee (1/16).</td>
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<td>SB 45</td>
<td>Wildfire, Drought, and Flood Protection Bond Act of 2020 (Allen) – 12/3/18 version</td>
<td>Would enact the Wildfire, Drought, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance projects to restore fire damaged areas, reduce wildfire risk, create healthy forest and watersheds, reduce climate impacts on urban areas and vulnerable populations, protect water supply and water quality, protect rivers, lakes, and streams, reduce flood risk, protect fish and wildlife from climate impacts, improve climate resilience of agricultural lands, and protect coastal lands and resources.</td>
<td>NYC</td>
<td>Favor If Amended</td>
<td>Referred to Natural Resources &amp; Water, Environmental Quality, and Governance and Finance committees (1/16).</td>
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<td>SB 62</td>
<td>(Dodd) – 1/3/19 version</td>
<td>Would make permanent an exemption under the California Endangered Species Act for “accidental take” of listed species that occurs on a farm or a ranch in the course of otherwise lawful routine and ongoing agricultural activities. The current exemption expires January 1, 2020.</td>
<td>NYC</td>
<td>Watch</td>
<td>Referred to Senate Natural Resources and Water Committee (1/16).</td>
<td></td>
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<td>SB 200</td>
<td>Safe and Affordable Drinking Water Fund (Monning) – 1/31/19 version</td>
<td>Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the State Water Resources Control Board to provide a stable source of funding to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.</td>
<td>NYC</td>
<td>NYC</td>
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<td>Bill</td>
<td>Title (Author)</td>
<td>Description</td>
<td>Positions</td>
<td>FWA</td>
<td>ACWA</td>
<td>Status</td>
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<td>S. 47</td>
<td>Natural Resources Management Act (Murkowski and Cantwell) – 1/8/19 version</td>
<td>Addresses multiple Title VIII, “Water and Power,” includes the Reclamation title transfer provisions negotiated with the House during last Congress.</td>
<td>F</td>
<td>NYC</td>
<td>1/9 read second time.</td>
<td></td>
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Assembly Constitutional Amendment No. 3

Introduced by Assembly Members Mathis and Eduardo Garcia

January 16, 2019

Assembly Constitutional Amendment No. 3—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 8 to Article X thereof, relating to water.

LEGISLATIVE COUNSEL’S DIGEST

ACA 3, as introduced, Mathis. Water: minimum funding guarantee. Under existing law, the Department of Water Resources performs duties relating to water resources throughout the state, and the State Water Resources Control Board exercises regulatory functions relating to water quality. Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, approved by the voters as Proposition 1 at the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds in the amount of $7,545,000,000 to finance a water quality, supply, and infrastructure improvement program.

The California Constitution provides that, from all state revenues, there shall first be set apart the moneys to be applied by the state for support of the public school system and public institutions of higher education, and establishes a minimum amount to be applied for the support of school districts and community college districts, as specified.

This measure would additionally require, commencing with the 2021-22 fiscal year, not less than 2% of specified state revenues to be set apart for the payment of principal and interest on bonds authorized pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014; water supply, delivery, and quality projects administered
Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its 2018–19 Regular Session commencing on the third day of December 2018, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended as follows:

That Section 8 is added to Article X thereof, to read:

SEC. 8. (a) In addition to revenues set apart pursuant to Section 8 of Article XVI, there shall be set apart, for allocation pursuant to subdivision (b), not less than two percent of the General Fund revenues that may be appropriated for the State pursuant to Article XIII B for a fiscal year.

(b) Amounts set apart pursuant to subdivision (a) are hereby continuously appropriated to the Controller each fiscal year, without regard to fiscal years, for allocation as follows:

1. (1) Five percent shall be allocated for the payment of principal and interest on bonds authorized pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Division 26.7 (commencing with Section 79700) of the Water Code).

2. (2) The amount remaining after the allocation in paragraph (1) shall be allocated as follows:

(A) Sixty percent shall be allocated to the Department of Water Resources, or its successor agency, for water supply, delivery, and quality projects, including, but not limited to, recycled water projects, water conveyance projects, groundwater recharge projects, subsidence abatement projects, and water infrastructure and storage projects.

(B) Forty percent shall be allocated to the State Water Resources Control Board, or its successor agency, for water quality projects, including, but not limited to, drinking water improvement projects, groundwater cleanup projects, and emergency drinking water projects.

(c) The following moneys shall not count toward the minimum percentage requirement in subdivision (a):
(1) Amounts available to the Department of Water Resources or the State Water Resources Control Board, or their successor agencies, by statute, through a continuous appropriation.

(2) Amounts derived from fines, fees, or penalties collected, or donations received, by the Department of Water Resources or the State Water Resources Control Board, or their successor agencies, and dedicated by law for use by either agency.

(3) Amounts derived from the issuance of general obligation bonds or revenue bonds and allocated to the Department of Water Resources or the State Water Resources Control Board, or their successor agencies.

(4) Amounts used for the payment of principal and interest on general obligation bonds or revenue bonds, the proceeds of which are allocated to the Department of Water Resources or the State Water Resources Control Board, or their successor agencies, except as provided in paragraph (1) of subdivision (b).

(5) Amounts available to the Department of Water Resources or the State Water Resources Control Board, or their successor agencies, from a previous fiscal year.

(6) Amounts made available for functions performed before July 1, 2021, by a department, agency, board, or commission of the State other than the Department of Water Resources or the State Water Resources Control Board, or their successor agencies.

(d) (1) The requirements of this section shall apply to each fiscal year commencing with the 2021–22 fiscal year.

(2) The Director of Finance, by May 14, 2022, and by May 14 of each fiscal year thereafter, shall submit to the Legislature an estimate of the amount required to be allocated pursuant to subdivision (a) for the subsequent fiscal year.
Introducing by Senator Dodd

January 3, 2019

An act to amend Section 2087 of the Fish and Game Code, relating to endangered species.

LEGISLATIVE COUNSEL’S DIGEST

SB 62, as introduced, Dodd. Endangered species: accidental take associated with routine and ongoing agricultural activities.

Existing law, the California Endangered Species Act, prohibits the taking of an endangered or threatened species, except in certain situations. Under the act, the Department of Fish and Wildlife may authorize the take of listed species pursuant to an incidental take permit if the take is incidental to an otherwise lawful activity, the impacts are minimized and fully mitigated, and the issuance of the permit would not jeopardize the continued existence of the species. The act requires the department to adopt regulations for the issuance of incidental take permits.

The act also provides, until January 1, 2020, that the accidental take of candidate, threatened, or endangered species resulting from acts that occur on a farm or a ranch in the course of otherwise lawful routine and ongoing agricultural activities is not prohibited by the act.

This bill would make this exception permanent.


The people of the State of California do enact as follows:

1 SECTION 1. Section 2087 of the Fish and Game Code is amended to read:
(a) Accidental take of candidate, threatened, or endangered species resulting from an act that occurs on a farm or a ranch in the course of otherwise lawful routine and ongoing agricultural activities is not prohibited by this chapter.

(b) For purposes of this section, “accidental” means unintended or unforeseen.

(c) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.