

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

AGENDA

BOARD OF DIRECTORS MEETING

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

31315 Chaney Street
Lake Elsinore, California 92531
951.674.3146 (EVMWD) / 951.354.4240 (LESJWA)

Thursday, February 20, 2014 – 4:00 p.m.

CALL TO ORDER/PLEDGE OF ALLEGIANCE (Chair Nancy Horton)

ROLL CALL: SAWPA__ EVMWD__ CITY OF LAKE ELSINORE__ CITY OF CANYON LAKE__
COUNTY OF RIVERSIDE__

PUBLIC COMMENTS:

Members of the public may address the Board on any item that is within the Board's jurisdiction; however, no action may be taken on any item appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code. Members of the public are requested to provide a public comment notice card to the Board Secretary prior to the Board meeting in order to speak. The public is given a maximum of five minutes to speak on an issue following discussion of an agenda item.

Any person with a disability who requires accommodation in order to participate in this meeting may contact LESJWA Board Secretary, Dawna Munson at 951.354.4247, at least 48 hours prior to the meeting in order to request a disability-related modification.

Materials related to items on this Agenda submitted to the Board after distribution of the agenda packet, are available to the public during regular business hours at the Authority's office: 11615 Sterling Avenue, Riverside, CA 92503.

CONSENT CALENDAR

Consent Calendar items are considered routine and non-controversial, to be acted upon by the Board at one time without discussion. If a Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, the request will become the first item of business on the agenda.

- 1.0 MINUTES.....3**
RECOMMENDATION: Approve the Minutes of the Board of Directors meeting held August 7, 2013, and the Amended Minutes from the Board of Directors meeting held June 21, 2013.
- 1.1 TREASURER'S REPORTS.....15**
RECOMMENDATION: Receive and file financial statements for October, November, and December 2013.
- 1.2 COMMITTEE STATUS REPORT (Memo731).....33**
RECOMMENDATION: Receive and file a status report from the Education and Outreach Committee meeting held December 9, 2013.

End of Consent Calendar

- 2.0 BOARD OFFICER ASSIGNMENTS (Memo 732).....37**
RECOMMENDATION: Nominate and approve new LESJWA Board officer positions of Chair, Vice-Chair, and Treasurer/Secretary for the next two-year term.
- 3.0 REPORT ON AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2013 (Memo 733).....39**
RECOMMENDATION: Receive and file the FY 2012-13 Report on Audit prepared by White Nelson Diehl Evans, LLP, and direct staff to file the Report on Audit.
- 4.0 BROWN ACT AMENDMENT AND VOTING CLARIFICATION (Memo 734).....81**
RECOMMENDATION: Implement the practice of the Chair announcing the result of the vote on each action taken by the Board immediately upon taking the vote, with enough specificity to identify how each Director voted, and receive and file on the legal review of JPA voting provisions.
- 5.0 LESJWA WATER SUMMIT (Memo 735).....83**
RECOMMENDATION: Request feedback on timing of the next LESJWA Water Summit.
- 6.0 LESJWA ANNUAL FY 2014-15 BUDGET – REVENUE ASSUMPTIONS (Memo 736).....85**
RECOMMENDATION: Request input from the Board on options to address revenue needs to operate LESJWA.
- 7.0 CANYON LAKE ALUM APPLICATION STATUS REPORT (Memo 737).....87**
RECOMMENDATION: Receive and file a status report for the Canyon Lake Alum Application with Aquatechnex.
- 8.0 PROPOSITION 84 FUNDING - CANYON LAKE IMPROVEMENTS (Memo 738).....89**
RECOMMENDATION: Receive and file a status report on Proposition 84 Round 2 IRWM Implementation grant funding to support the Canyon Lake water quality improvements.
- 9.0 LAKE ELSINORE/CANYON LAKE TMDL TASK FORCE (Memo 739).....91**
RECOMMENDATION: Receive and file a status report of the Lake Elsinore and Canyon Lake TMDL Task Force.
- 10.0 ADMINISTRATOR’S COMMENTS**
- 11.0 DIRECTORS’ COMMENTS**
- 12.0 ADJOURN**

NEXT BOARD OF DIRECTORS MEETING: Thursday, April 17, 2014 at 4:00 p.m.

**MINUTES OF THE
REGULAR BOARD OF DIRECTORS MEETING
OF THE
LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY**

August 7, 2013

DIRECTORS PRESENT

Nancy Horton, Chair
Phil Williams
Robert Magee
Kevin Jeffries
Tom Evans

REPRESENTING

City of Canyon Lake
Elsinore Valley Municipal Water District
City of Lake Elsinore
County of Riverside
Santa Ana Watershed Project Authority

OTHERS PRESENT

Judy Guglielmana
Steve Horn
Jason Uhley
Pat Boldt

EVMWD
County of Riverside
Riverside County Flood Control & WCD
San Jacinto River Watershed Council

LESJWA STAFF PRESENT

Joe Aklufi, Legal Counsel
Karen Williams, CFO
Mark Norton, Authority Administrator
Dawna Munson, Board Secretary

The Regular Board of Directors meeting of the Lake Elsinore and San Jacinto Watersheds Authority was called to order at 4:10 p.m., by Chair Nancy Horton at the Elsinore Valley Municipal Water District, located at 31315 Chaney Street, Lake Elsinore, California. Chair Horton asked for roll call. A quorum was noted present with representation from all five member agencies.

Chair Horton asked if there were any comments from members of the public wishing to address the Board on matters within its jurisdiction. There were no public comments.

1.0: CONSENT CALENDAR

Chair Horton presented the Consent Calendar for review and approval.

Director Magee moved approval of the Consent Calendar excluding the 6-20-2013 Minutes, which he would like pulled for discussion. The motion was seconded by Director Williams and it unanimously carried,

2013/8-1

MOVED, approval of the Consent Calendar including the Treasurer's Reports from March and May 2013, and the Committee Status Report, excluding the 6-20-2013 Minutes for discussion.

with the following roll call vote:

Ayes:	Horton, Magee, Williams, Evans, Jeffries
Noes:	None
Absent:	None
Abstain:	None

Director Magee said he had concerns with how the 6-20-13 Minutes were prepared with regard to the third paragraph on page 3 of the Minutes, regarding Risk Sciences' scope of work for the Lake Elsinore/Canyon Lake TMDL Task Force. He had requested some language changes to the scope and believes that the motion had passed with those changes. There was no discussion of any other language and the original language moved forward, and he was not advised of anything else on the item. He asked for an explanation of why the minutes weren't prepared to reflect that.

Mark Norton said in reviewing that item and looking at the Minutes after they were prepared, there was no definitive indication that the item had passed. He spoke with legal counsel subsequent to the meeting, at which time they referenced the LESJWA JPA, section 4.4: Voting. That clause indicates that an item must have an affirmative vote of the *majority of the Board* of Directors. The Board had only three Directors present with only two voting in the affirmative, so per that JPA provision on voting, the item was not approved.

Director Magee stated it was not made clear at the time that the item did not pass. Item 4.2 of the JPA is the applicable policy and it was moved forward. As he believes the Minutes should be amended, he will not approve them how they're currently prepared with regard to that particular section. Director Williams concurred, and believed that nothing was said to the contrary that the motion failed.

Joe Aklufi clarified that the item 4.4 states that it's the majority of the Board, not the majority of the quorum. So when there are less than five members, the voting splits differently. It must be a minimum of three unanimous votes for an item to pass. Director Williams noted that this item did not constitute a project, but rather a hiring of services, and items of this nature have passed under similar circumstances. However, as the item again is on today's agenda, it may be moot at this point. He would like to discuss some alternate language that will make it more acceptable and able to move forward.

Director Magee suggested that the Board direct staff to amend the Minutes with clarification of this item.

Chair Horton called for a vote on the minutes. Directors Jeffries and Evans chose to abstain as they were not present at that meeting. Director Williams moved to table the Minutes until after Item 4.0.

Upon motion by Director Williams, seconded by Director Magee, the motion unanimously carried,

2013/8-2

MOVED, approval to table the 6-20-2013 Minutes to after Item 4.0 of the agenda, Item 4.1.

with the following roll call vote:

Ayes:	Horton, Magee, Williams, Evans, Jeffries
Noes:	None
Absent:	None
Abstain:	None

2.0: Canyon Lake Alum Application (Memo #728)

Mark Norton provided an update on the Canyon Lake alum application; it is moving forward well. The CEQA consultant advised LESJWA's preparation of a Notice of Determination (NOD). The City of Canyon Lake was the lead agency for the CEQA. The first step is this Board's ratification of the CEQA and then file a NOD to implement the alum dosing in the Lake as part of the Proposition 84 grant funded Phase 1 Canyon Lake Hybrid Treatment Project. The second step is to approve a task order with AquaTechnex, LLC for \$488,490 to implement the alum dosing. This project is proposed to address the nutrient targets for the TMDL.

He briefly reviewed the background of the RFP process, and noted that prevailing wages would be paid and a safety plan developed. All the concerns were addressed and staff believes the amount proposed is very reasonable and will save a lot of money. Failure of the measure at this time could cause significant problems such as the reduced likelihood of getting future funding from DWR. Also, failure to approve this project may result in the demise of the Lake Elsinore/Canyon Lake TMDL Task Force, as well as the potential demise of LESJWA as an entity to move projects forward, and to complete our mission as an organization. It is in the best interest of all interested parties to approve this item.

Director Magee said he would move approval with discussion. He stated that he had moved approval of this action before because it's the right thing to do—improving water quality in our basin is what this Board is supposed to be about. He wants to make the record quite clear that he had voted for this action at the last meeting, and continues to give his support. He hoped that Chair Horton could set the record straight for her Council colleagues and other concerned constituents that the City of Lake Elsinore is in support of this particular application. Chair Horton said she would be pleased to do that.

Director Williams stated he had voted no on the alum application item at the June meeting. He gave some background about when LESJWA first began in 2000 and there were some clashes between some of the Board entities and there wasn't a lot of hope for this organization then to do all the good work it has done in the past ten years. This Board's goal is to clean the lakes, as those were the tasks put forth by the State government. It still is imperative that the elected officials stand together, particularly at public meetings; otherwise, it makes EVMWD reconsider being a part of the TMDL. If everyone on this Board isn't in harmony and moving in the same direction, then this organization will deteriorate. EVMWD is very cautious, and was not confident back in June that this group was in sync on this issue, due to some comments made at a public meeting. However, it's important to put aside misgivings and move forward for the betterment of our watershed. This Board needs to show solidarity on all levels to continue the good work that it does. That's one reason why it won a collaboration award a few years ago.

Chair Horton commented that she appreciates Director Williams' comments, and called for a motion.

Upon motion by Director Magee, seconded by Director Evans, the motion unanimously carried,

2013/8-3

MOVED,

1. Approval to Ratify the June 5, 2013 CEQA approval of the canyon Lake Alum Application, and file a Notice of Determination to implement alum dosing in Canyon Lake, as part of the Proposition 84 grant funded Phase 1 – Canyon Lake Hybrid Treatment Project, and
2. Task Order No. AWQA160-01 with AquaTechnex. LLC for an amount not-to-exceed \$488,490 to implement alum dosing in Canyon Lake, as part of the Proposition 84 grant funded Phase 1 Canyon Lake Hybrid Treatment Project.

with the following roll call vote:

Ayes:	Horton, Magee, Williams, Evans, Jeffries
Noes:	None
Absent:	None
Abstain:	None

3.0: Regulatory Strategist/TMDL Compliance Support Services (Memo #729)

Mark Norton said this item is being brought back from the June Board meeting regarding the Task Order with Risk Sciences for the TMDL Compliance Support Services. He had taken the suggested revised language of Risk Sciences' scope of work back to the TMDL Task Force to allow them to reconsider the language. The issue of concern was the language on No. 2 of the scope regarding preparing and revising cost sharing and credit allocation agreements. All of the LESJWA member agency representatives were at the

meeting. After much discussion, there was a motion supported by the Task Force. The language was a pared down version and is shown on page 37 of the Board r cengvfor Risk Sciences)Scope of Work. It is “prepare and revise the cost sharing and credit allocation agreements”. It was done with the thought that it is inclusive of many opportunities for lots of factors, including those that were raised in the sediment reduction plan that Mr. Moore prepared. There were a number of strategies in the plan that he had suggested that the parties could undertake as supplemental control strategies if not meeting the TMDLs . They include enhanced aeration systems, enhanced treatment reclaimed water, direct application of metal salts, targeted suction, dredging, constructed wetlands, active aquatic plant management, enhanced fishery, enhanced lake stabilization, and pollutant trading. In discussion of the text , it was thought it best to keep it brief and broad to give Tim Moore full latitude to work out the agreements – in the best interests of everyone. Again, these are not agreement terms or a new agreement, but simply the consultant support to move forward on an agreement, recognizing there will be discussions down the road. Tim Moore is there to assist. Staff’s recommendation is based on the motion approved by the TMDL Task Force to accept the language as proposed in Risk Sciences’ Scope of Work as prepared by and being paid for by the TMDL Task Force.

Director Williams said this language is very close to what he was going to propose, and his philosophy was going to be the same. Hire Tim Moore to negotiate for us with the State regarding the TMDLs and not have anything hold him back, to save money and make the compliance requirements. He does not see anything wrong with the proposed wording.

Chair Horton said that one thing the TMDL Task Force mentioned is that we don’t have clear guidelines for cost sharing. We want to make sure that we have that in place, and there’s still work to do on that. She wants Tim Moore’s help on that so that projects will be available for entities to fund them. She appreciates Director Williams’ comments.

Upon motion by Director Jeffries, seconded by Director Williams, the motion unanimously carried,

2013/8-4

MOVED, approval of Task Order No. RISK06-07 with Tim Moore of Risk Sciences for an amount not-to-exceed \$48,640 to continue support for FY 2013-14.

with the following roll call vote:

Ayes:	Horton, Magee, Williams, Evans, Jeffries
Noes:	None
Absent:	None
Abstain:	None

4.0: Canyon Lake Performance Monitoring (Memo #730)

Mark Norton said in discussions with the LEJSWA TAC, it is highly recommend that we fully understand the impacts of the alum application, by performing pre and post monitoring. We have been working closely with EVMWD staff to assure that the contractor will be monitored for quality, and that the entities funding this effort can be assured that all is done correctly. We received only one proposal in response to the RFP; MWH Americas. They have done lake monitoring for a number of years. What’s proposed is effectiveness monitoring for alum dosaging, which will be taking place for 2-1/2 years. The cost is well below the engineer’s estimate. Staff recommends approval.

Some discussion ensued about the warning system in place, safety plans in place, and the outreach that was conducted. Mark Norton noted that the processes are in place to assure safety is foremost. Chair Horton noted that there also will be a technician present where the boat loading takes place. EVMWD also will have a person present at all times.

Upon motion by Director Williams, seconded by Director Evans, the motion unanimously carried,

2013/8-5

MOVED, approval of Task Order No. MWD160-01 with MWH Americas, Inc. for an amount not-to-exceed \$94,650 to conduct effectiveness monitoring for the alum dosing in Canyon Lake, as part of the Phase 1 – Canyon Lake Hybrid Treatment Project.

with the following roll call vote:

Ayes:	Horton, Magee, Williams, Evans, Jeffries
Noes:	None
Absent:	None
Abstain:	None

4.1 Minutes

Discussion continued as to how to best address the issue of the June meeting Minutes and whether or not the Minutes should be approved. Joe Aklufi noted that it would be best if they could be approved, but it is not detrimental if they are not.

Director Williams moved approval of the Minutes with the exception of page 3, paragraph 3. Director Magee said he would second the motion with discussion.

Upon motion by Director Williams, seconded by Director Magee:

2013/8-6

MOVED, approval of the minutes with the exception of page 3, paragraph 3, upon discussion.

Director Magee stated that there was no discussion during the meeting that the motion had failed; it is our job to be transparent. He further stated that he would like to move that the Minutes be amended to reflect what actually happened—that the motion passed. If staff wishes to place a type of disclaimer or clarifying paragraph about conferring with legal counsel after the meeting, then that would be acceptable. Further discussion of ideas ensued to address this item to everyone's satisfaction.

Director Williams withdrew his motion and suggested leaving the June Minutes as unapproved.

Director Magee said he thinks it would be best to continue with the June meeting Minutes, and for staff to bring back a revision of that particular section to approve at the next meeting.

Upon motion by Director Magee, seconded by Director Jeffries, the motion unanimously carried,

2013/8-7

MOVED, approval to direct staff to prepare a revision of the 6-20-2013 Minutes, page 3, paragraph 3 regarding the Scope of Work for Risk Sciences, to bring back to the next Board meeting for approval.

with the following roll call vote:

Ayes:	Horton, Magee, Williams, Evans, Jeffries
Noes:	None
Absent:	None
Abstain:	None

5.0: ADMINISTRATOR'S COMMENTS

Mark Norton reported that we anticipate hearing from the DWR this fall about approval of the grant. Our sense is very optimistic. With the low bid, the cost should be covered. This will be a huge cost savings if our efforts are successful. Also, there will be a third round of funding that may be available. The DWR announced that it will release the guidelines for that in the summer of 2014. It could be another opportunity.

6.0: DIRECTORS' COMMENTS

Director Williams said he would like the Board to consider for a future meeting having the Chair set up a type of committee to hammer out the issue of what carries as a motion and what constitutes a quorum for this Board. The committee should develop some clarifying language that all five members agree to so that this doesn't occur in the future. Chair Horton said it will be agendaized for the next meeting. Director Jeffries suggested that staff prepare a clarifying draft to circulate to the Board and bring it to the next meeting. Director Williams concurred.

As there was no further business, Chair Horton adjourned the meeting at 5:08 p.m.

APPROVED: February 20, 2014

Nancy Horton, Chair

**AMENDED MINUTES OF THE
REGULAR BOARD OF DIRECTORS MEETING
OF THE
LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY**

June 20, 2013

DIRECTORS PRESENT

Nancy Horton, Chair
Phil Williams
Robert Magee

REPRESENTING

City of Canyon Lake
Elsinore Valley Municipal Water District
City of Lake Elsinore

DIRECTORS ABSENT

Kevin Jeffries
Tom Evans

County of Riverside
Santa Ana Watershed Project Authority

OTHERS PRESENT

Judy Guglielmana
Steve Horn
Pat Kilroy
Philip Southard
Joe Aklufi
Karen Williams
Mark Norton
Dawna Munson

EVMWD
County of Riverside
City of Lake Elsinore
O'Reilly Public Relations
LESJWA Legal Counsel
LESJWA/SAWPA CFO
LESJWA Authority Administrator
LESJWA Board Secretary

The Regular Board of Directors meeting of the Lake Elsinore and San Jacinto Watersheds Authority was called to order at 4:10 p.m., by Chair Nancy Horton at the Elsinore Valley Municipal Water District, located at 31315 Chaney Street, Lake Elsinore, California. Chair Horton asked for roll call. A quorum was present with representation as follows: City of Canyon Lake, EVMWD, and City of Lake Elsinore.

Chair Horton asked if there were any comments from members of the public wishing to address the Board on matters within its jurisdiction. There were no public comments.

1.0: CONSENT CALENDAR

Chair Horton presented the Consent Calendar for review and approval.

Upon motion by Director Magee, seconded by Director Williams, the motion unanimously carried.

2013/6-1

MOVED, approval of the Consent Calendar including the Treasurer's Reports from March and April 2013, and the Minutes from the April 18, 2013 Board Meeting.

2.0: Canyon Lake Alum Application (Memo #721)

Mark Norton reviewed the RFP process for the Canyon Lake Alum Application that went out in May 2013, sent to several firms and posted to the website. From the solicitation, only two proposals were received—one from AquaTechnex LLC and one from Marino Biochemists. The proposals were reviewed on June 12 by a technical review committee comprised of representatives from EVMWD, the City of Canyon Lake, Riverside County Flood Control District, and LESJWA. The Committee used a rating and ranking form for the initial assessment that was a qualification-based selection rather than a low-bid based selection. The low bidder was contacted with a few questions, and based on their responses and comments, the Committee believes that AquaTechnex has the most experience and expertise of the two proposals. The cost is below the engineer's estimate and will result in a significant savings to the Task Force. Further, the references contacted had very strong and positive comments.

The work will be done in five separate applications over the 2013 through 2015 time span. EVMWD also provided feedback that they will have staff there on site to assure the application is to specific standards. The Project Manager from AquaTechnex has assured us that they will follow all the requirements of the CEQA. There also will be continued outreach with the residents of Canyon Lake to make sure they are aware that this is all safe and performed using correct procedures, and following the procedures of the Property Owner's Association as well. Staff is pleased to recommend approval of this project, which is the first implementation project by the TMDL Task Force. The start date would be September 2013.

Upon motion by Director Magee, seconded by Chair Horton, with Director Williams voting in the negative, the motion failed pursuant to the LESJWA JPA, Item 4.4, Voting, that *...all actions of the Board shall be passed upon the affirmative vote of a majority of the Board of Directors...*

2013/6-2

MOVED, approval of a Task Order with AquaTechnex, LLC for an amount not-to-exceed \$488,490 to apply alum to Canyon Lake from 2013 to 2015.

the above motion failed with the following roll call vote:

Ayes:	Horton, Magee
Noes:	Williams
Absent:	Evans, Jeffries
Abstain:	None

Chair Horton requested that this item be remanded to the next meeting; the Board concurred.

3.0: Regulatory Strategist/TMDL Compliance Support Services (Memo #722)

Mark Norton said this item is to request approval of a task order with Tim Moore of Risk Sciences to continue as compliance expert for the Lake Elsinore/Canyon Lake (LE/CL) TMDL Task Force. This support function is funded by the TMDL Task Force, and the work would be to support the Task Force and provide the necessary expertise to assure that the regulations are being met. Tim Moore also would prepare and support the credit sharing agreements. Staff has made one change to the task order shown in the packet. Under Item II, No. 2 on the Scope of Work, strike "BMP" and replace it with "TMDL". Mr. Norton said this change broadens the parameters of agreements to be developed.

Director Williams moved approval. Director Magee said he would like to second the motion to accept staff's recommendation; however, the City of Lake Elsinore would like the inclusion of some language that it believes would add more clarity to the existing scope of work. After the Item II, No. 2 sentence, "prepare and revise cost allocations and credit sharing agreements to support development of TMDL implementation projects", the City suggests adding the language, "*...including supplemental water addition, aeration mixing systems, and fishery management. Assist in obtaining nutrition offset credits from the RWQCB for operators of the BMP Implementation Projects*", which, instead of "BMP" has now been changed to "TMDL" Implementation Projects, as amended by staff. The idea is to provide more specific detail and clarity, and to make sure everyone knows it includes all these different options.

Mark Norton said staff had received that suggested language, which was shared with the TMDL Task Force, Tim Moore, and the LESJWA Chair. They have concerns with the revised language that it may open up some controversy in the specific citing of supplemental water, although it was included in the implementation recommendation by Tim Moore in an earlier document. There are ongoing negotiations among the operators of aeration systems as to whether or not supplemental water should be included in the cost sharing agreement among the three parties, the County of Riverside, the City of Lake Elsinore, and EVMWD. There was consideration of adding the MS4s to this discussion. There also may be concern that it wasn't brought back to the Task Force for discussion before adding this additional text. Therefore, the LE/CL TMDL Task Force Chair feels that this additional language would not be recommended. Upon some discussion, Director Magee expressed his dissatisfaction with the Task Force's position on this issue, and noted that he was not going to add any comments at this time.

Chair Horton said she regularly attends the TMDL meetings, and the core issue is that this is the agreement with Tim Moore. It is very broad, and the TMDL Task Force would be the one to vote that Risk Sciences is to work on the addition of water to Lake Elsinore – it's not to say that they wouldn't do so, but it's the TMDL's prerogative to decide what Mr. Moore's tasks are once the agreement is in place. All these things will occur just as discussed in the past. The Task Force would make its recommendations and if any money were to be expended, then it would come before this Board. These changes (to the scope) would be tinkering with Risk Sciences' contract, and that isn't where this should go. Director Williams noted that those are items that this Board built and the precise reasons that we're here today, and it all worked up to meeting the TMDLs. He would agree with the City of Lake Elsinore's suggested additional language to the task order, as recited by Director Magee. Chair Horton commented that the TMDL Task Force must have a say and they will approve these things, but it needs to come at the TMDL Task Force level and not LESJWA dictating what they'll work on.

Discussion ensued as to concerns that without the additional detailed language, the Task Force may think that's all they must do, and that perhaps language could be added with regard to "...as studies progress, or as funds are available..." to avoid the appearance of dictating the scope of work. Director Williams suggested adding to the beginning of the language proposed by Director Magee, "...to include, but not limited to". Director Magee concurred and said to let the motion stand with the language modified to, "to include but not limited to." Chair Horton added that it all will be discussed and whatever it takes, she believes the Task Force members are committed to it.

Upon motion by Director Williams, seconded by Director Magee, with Chair Horton voting in the negative, the motion passed*,

2013/6-3

MOVED, approval of Task Order No. RISK160-07 with Time Moore of Risk Sciences for an amount not-to-exceed \$68,847 to oversee and implement the FY 2013-2014 Phase 1 watershed-wide monitoring for the Lake Elsinore and Canyon Lake Nutrient Total Maximum Daily Load (TMDL), with additional language added to Section II of the Scope of Work, Item 2 that reads, "Prepare and revise cost allocation and credit sharing agreements to support development of TMDL implementation projects..." Add the language,

"to include but not limited to supplemental water addition, aeration mixing systems, and fishery management. Assist in obtaining nutrition offset credits from the RWQCB for operators of the TMDL implementation projects."

with the following roll call vote:

Ayes:	Magee, Williams
Noes:	Horton
Absent:	Evans, Jeffries
Abstain:	None

* Upon discussion with legal counsel subsequent to the meeting, it was noted that pursuant to the LESJWA JPA, Item 4.4, Voting, that *...all actions of the Board shall be passed upon the affirmative vote of a majority of the Board of Directors...* that the motion failed, as the affirmative vote was not made by a majority of the Board, but rather, only the majority of the quorum. Therefore, the item was remanded to the next Board meeting.

4.0: Watershed-wide Nutrient TMDL Monitoring Program (Memo #723)

Mark Norton said this is to authorize Weston Solutions to oversee and implement the Phase 1 watershed-wide monitoring for the Lake Elsinore and Canyon Lake Nutrient TMDL for fiscal year 2013-14. The cost is \$68,847. This was discussed at the TMDL Task Force level. This monitoring is required under the TMDL requirements. Staff recommends proceeding with Weston Solutions.

Upon motion by Director Williams, seconded by Director Magee, the motion unanimously carried,

2013/6-4

MOVED, approval of Task Order No. WES60-03 with Weston Solutions for an amount not-to-exceed \$68,847 to oversee and implement the FY 2013-14 Phase 1 watershed-wide monitoring for the Lake Elsinore and Canyon Lake Nutrient TMDL.

with the following roll call vote:

Ayes:	Horton, Magee, Williams
Noes:	None
Absent:	Evans, Jeffries
Abstain:	None

5.0: LESJWA Education and Outreach (Memo #724)

Mark Norton said this is a recommendation to approve a task order with O'Reilly Public Relations in the amount not-to-exceed \$17,050 for the continuation of the LESJWA Education and Outreach Program for Fiscal Year 2014-15. Philip Southard of O'Reilly Public Relations is here today to provide an overview.

Philip Southard provided a PowerPoint presentation on LESJWA accomplishments and some potential action items. He reviewed the LESJWA Water Summit, the education and outreach activities for the alum application, the proactive community engagement by attending the "Splash in the Spring" event, and holding a booth at the SAWPA 2013 OWOW Conference that gave them the opportunity to provide materials and information about LESJWA. They want to make sure they are consistently educating the media and assisting in developing Op-Ed pieces—informing them of LESJWA's activities to improve the water in both lakes and the watershed. He reviewed the 2013-14 education and outreach plan and the approaching key milestones. They hope for a third LESJWA Water Summit, which helps to highlight the issues in the watershed and LESJWA's active involvement.

Director Magee said O'Reilly does a great job representing LESJWA. He then shared an unfavorable newspaper article about the lakes needing to meet the water quality targets deadline. He noted that the TMDL deadline is seven years away, and the article is misleading and offensive. He supports retaining O'Reilly Public Relations, and he also wants to "punch back" at this article by preparing an Op-Ed piece signed by LESJWA's Chair. Director Magee moved to continue with this contract, provided they respond to the recent article he shared. Director Williams seconded the motion, adding that we all know it takes a lot to change opinions about the Lakes, and there still are embedded beliefs and jokes. Everything O'Reilly Public Relations has done is superb, and it's unfortunate that we can't afford a larger contract with the firm.

Chair Horton commented that we all need to be proactive in educating our reporters. We're falling behind. Mr. Southard said it is definitely something O'Reilly wants to work on moving forward.

Director Magee noted that the City of Lake Elsinore has some amazing staff assets at EVMWD and the City. O'Reilly can tap into both those organizations. The good news needs to get out. The City of Lake Elsinore is going to have a workshop with the Press Enterprise and shareholders are invited. They plan to discuss with them LESJWA's values and that they need to pick up the pace. Chair Horton requested inviting Philip Southard and her to the meeting.

Upon motion by Director Magee, seconded by Director Williams, the motion unanimously carried.

2013/6-5

MOVED, approval of Task Order No. OREIL477-12 with O'Reilly Public Relations (OPR) in the amount not-to-exceed \$17,050 for continuation of LESJWA's Education and Outreach Program, with the provision that OPR immediately respond to the recent unfavorable article written by the Press Enterprise regarding the lakes needing to meet the water quality target deadline.

with the following roll call vote:

Ayes:	Horton, Magee, Williams
Noes:	None
Absent:	Evans, Jeffries
Abstain:	None

6.0: Authorize SAWPA to Continue as LESJWA Authority Administrator and Aklufi and Wysocki to Continue as LESJWA Legal Counsel (Memo #725)

Mark Norton said there were questions at the last meeting about the roles of the TMDL Task Force and SAWPA. He displayed via PowerPoint the operating revenue where 70% is from TMDL stakeholders, and where money will be spent for the coming fiscal year—vastly toward alum treatment for Canyon Lake, SAWPA 14%, and monitoring studies 27%; and he displayed a chart of the projected budget for the next five years. In looking at the JPA operations, the majority of cost is SAWPA support along with some lesser expenses. He displayed the SAWPA organizational chart showing the LESJWA-affiliated staff, and provided some input on an analysis comparing the cost of using SAWPA as administrator to costs using another consultant. It's comparable, but it cost less to go with SAWPA. Staff also recommends continuing with Joe Aklufi of A&W Law, which costs less than using SAWPA's current Legal Counsel.

He discussed the Board agenda items and breakdown; 55% of Board meetings are TMDL related. There is a dual activity and they aren't being charged for that, but perhaps they should be. He showed the five-year projected revenue for the LESJWA JPA administration alone, and discussed the funding gaps. Staff will examine ways to address these issues, and will look at it in detail over the next six months and bring back a proposal for how we may close that gap. Staff recommends, assuming a three-year timeframe, to continue with SAWPA as administrator and with Joe Aklufi of A&W Law as Legal Counsel.

Director Williams said he appreciates Mark Norton's report and efforts preparing it. He recommended approval with a caveat. He asked if there is somewhere to show that SAWPA expenses have been or can be reduced. Without going out to bid, the public perception may be that we could do a better job at seeking some cost savings. Although he's 100% behind keeping Joe Aklufi as legal counsel, and the Board can vote to continue SAWPA's services for another few months if need be, it may be best to table this item to a future meeting to provide time to find other savings. Joe Aklufi asked if staff had an answer to the question about LESJWA being required to pay for insurance—if there's any savings there. Karen Williams addressed the Board saying that as a JPA, LESJWA can be sued, and therefore it must have insurance. Joe Aklufi suggested examining the risks. Discussion ensued about the risks and exposures, and how contractors have insurance where LESJWA is named as the additional insured.

Director Magee commented that SAWPA gives tremendous value for the money charged. However, seeing that O'Reilly Public Relations has taken a 45% cut in pay and the Directors have taken a 100% cut in pay, he recommends a 3% cut in SAWPA's pay. The Board will assign Mark Norton the task of deciding how to best carry that out.

Chair Horton suggested that perhaps a better way than a straight 3% cut would be to examine what SAWPA provides, and determine which services are essential and which aren't. We have no way to reduce individual salaries. It may be better to look at line items rather than SAWPA making decisions about services and potentially withholding a service. There are only seven years left before having to be on target with TMDL approvals; this wouldn't be a good time to cut SAWPA's services. The Board should give Mark Norton suggestions as to potential cuts and have him come back with proposals. Director Williams replied that he believes Mark Norton would be able to work on this with the help of his staff, and the Board should be willing to give him leeway to make the choices. It's a good message to send out that this Board runs a tight, fiscally-responsible organization.

Discussion ensued and the Board concurred to vote on this agenda item in two separate votes.

Upon motion by Director Williams, seconded by Director Magee, the motion unanimously carried,

2013/6-6

MOVED, approval to retain Joe Aklufi of A &W Law as LESJWA's Legal Counsel.

with the following roll call vote:

Ayes:	Horton, Magee, Williams
Noes:	None
Absent:	Evans, Jeffries
Abstain:	None

Upon motion by Director Williams, seconded by Director Magee, the motion unanimously carried,

2013/6-7

MOVED, approval to retain SAWPA as LESJWA's Authority Administrator, with a 3% cut from the total Budget. Mark Norton will provide recommendations to the Board at a future meeting as to how that will be accomplished.

with the following roll call vote:

Ayes:	Horton, Magee, Williams
Noes:	None
Absent:	Evans, Jeffries
Abstain:	None

7.0: LESJWA Water Summit (Memo #726)

Mark Norton said that the LESJWA Water Summit was a successful event with a good turnout. There also was more attendance by our politicians. Money was saved by holding the event at a public facility, and it set up a good template for future water summit events.

8.0: ADMINISTRATOR'S COMMENTS

Mark Norton said that staff will need to do some homework on the actions taken today.

9.0: DIRECTORS' COMMENTS

None.

As there was no further business, Chair Horton adjourned the meeting at 5:24 p.m.

APPROVED: August 7, 2013

Nancy Horton, Chair

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 10/31/13

Balance as of 09/30/13 \$ 529,228.20

Funds Received

Deposits:

LAIF Interest 07/01 - 09/30/13	231.00
WRCAC - Agriculture - TMDL Contribution	12,500.00
WRCAC - Dairy - TMDL Contribution	12,500.00
State of CA - Dept of Transportation - TMDL Contribution	13,050.00
State of CA - Dept of Transportation - TMDL Contribution	12,500.00
City of Wildomar - TMDL Contribution	8,307.00
City of Moreno Valley - TMDL Contribution	103,565.00

Open - Grant Invoices

N/A

\$ -

Open - Member & Other Contributions

Total Due LESJWA

\$0.00

Disbursement List - October 2013

(130,159.33)

Funds Available as of 10/31/13

\$ 561,721.87

Funds Available:

Checking	\$ 204,366.62
LAIF	\$ 357,355.25
Total	<u>\$ 561,721.87</u>

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2009 - 2014

Agency	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
March ARB	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
CalTrans	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
City of Beaumont	2,957.00	3,940.00	4,719.53	3,900.00	1,865.00	19,263.00
City of Canyon Lake	3,670.00	4,890.00	4,109.46	3,396.00	644.00	18,389.00
City of Hemet	22,308.00	29,723.00	27,460.77	22,696.00	6,286.00	18,175.00
City of Lake Elsinore	21,403.00	67,782.00	89,889.28	73,133.00	-	19,381.00
City of Menifee	-	-	24,752.77	20,458.00	23,649.00	44,155.00
City of Moreno Valley	50,638.00	67,469.00	63,546.31	52,520.00	15,425.00	103,565.00
City of Murrieta	2,006.00	2,673.00	786.96	650.00	-	12,426.00
City of Perris	15,000.00	19,985.00	20,060.94	16,580.00	5,752.00	18,869.00
City of Riverside	2,071.00	2,759.00	3,587.28	2,965.00	1,575.00	17,641.00
City of San Jacinto	9,565.00	12,744.00	13,470.59	11,133.00	4,315.00	19,487.00
City of Wildomar	-	-	4,668.93	3,859.00	4,461.00	8,307.00
County of Riverside	57,352.00	76,415.00	39,829.77	32,919.00	-	30,165.00
Dept of Fish and Game	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
Eastern Municipal Water District	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
Elsinore Valley Municipal Water District	13,656.00	57,460.00	75,294.20	61,070.00	-	12,500.00
March JPA	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
San Jacinto Agricultural Operators *	159,074.00	-	-	143,320.00	28,278.00	12,500.00
San Jacinto Dairy & CAFO Operators *	41,634.00	37,252.80	25,000.00	10,000.00	10,211.00	12,500.00
Total	451,334.00	433,092.80	447,176.79	508,599.00	167,711.00	429,823.00
Total Paid Contributions	451,334.00	433,092.80	447,176.79	379,290.00	167,711.00	286,976.00
Total Outstanding Contributions	-	-	-	129,309.00	-	142,847.00

Total Outstanding Contributions

March AFB	-	-	-	-	-	12,500.00
City of Canyon Lake	-	-	-	-	-	18,389.00
City of Hemet	-	-	-	-	-	18,175.00
City of Menifee	-	-	-	-	-	44,155.00
City of Riverside	-	-	-	-	-	17,641.00
City of San Jacinto	-	-	-	-	-	19,487.00
March JPA	-	-	-	-	-	12,500.00
Total Outstanding All Years	-	-	-	-	-	142,847.00

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Four Months Ending Thursday, October 31, 2013

Assets

Checking - Citizens	\$204,366.62
L.A.I.F.	357,355.25
Total Assets	<u>\$561,721.87</u>

Liabilities

Accounts Payable	29,352.48
Total Liabilities	<u>\$29,352.48</u>

Retained Earnings	392,401.67
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Excess Revenue over (under) Expenditures	<u>\$139,967.72</u>
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Total Net Assets	<u>\$532,369.39</u>
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Total Liabilities and Net Assets	<u>\$561,721.87</u>
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Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Four Months Ending Thursday, October 31, 2013

	Period Actual	YTD Actual	Annual Budget	% Used	Budget Variance
Revenues					
State Grant Proceeds	\$0.00	\$0.00	\$150,000.00	0.00%	\$150,000.00
LAIF Interest	231.00	231.00	1,500.00	15.40%	1,269.00
Member Agency Contributions	0.00	112,046.00	50,000.00	224.09%	(62,046.00)
Other Agency Contributions	137,422.00	225,480.00	580,000.00	38.88%	354,520.00
Total Revenues	\$137,653.00	\$337,757.00	\$781,500.00	43.22%	\$443,743.00
Expenses					
Salaries - Regular	3,775.45	17,212.53	56,475.00	30.48%	39,262.47
Payroll Burden	1,680.07	7,659.58	25,131.00	30.48%	17,471.42
Overhead	5,976.54	27,247.44	89,394.00	30.48%	62,146.56
Audit Fees	1,000.00	4,525.00	5,230.00	86.52%	705.00
Consulting - General	10,823.53	137,769.46	202,050.00	68.19%	64,280.54
Other Professional Services	0.00	0.00	150,000.00	0.00%	150,000.00
Legal Fees	0.00	700.00	0.00	0.00%	(700.00)
Project Construction	0.00	0.00	300,000.00	0.00%	300,000.00
Meeting & Conference Expense	39.55	72.32	1,000.00	7.23%	927.68
Shipping & Postage	0.00	9.98	50.00	19.96%	40.02
Office Supplies	0.00	0.00	60.00	0.00%	60.00
Board Compensation	0.00	0.00	300.00	0.00%	300.00
Other Expense	0.00	0.00	100.00	0.00%	100.00
Insurance Expense	0.00	2,572.00	2,900.00	88.69%	328.00
Interest Expense	20.97	20.97	100.00	20.97%	79.03
Total Expenditures	\$23,316.11	\$197,789.28	\$832,790.00	23.75%	\$635,000.72
Excess Revenue over (under) Expenditures	\$114,336.89	\$139,967.72	(\$51,290.00)	-272.89%	(\$191,257.72)

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending October 31, 2013

	JPA Administration	TMDL Task Force	TMDL BMP Implementation	Total	Budget	% Used	Budget Variance
Revenues							
State Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00	0.00%	\$ 150,000.00
LAIF Interest	231.00	-	-	231.00	1,500.00	15.40%	1,269.00
Member Agency Contributions	50,000.00	62,046.00	-	112,046.00	50,000.00	224.09%	(62,046.00)
Other Agency Contributions	-	225,480.00	-	225,480.00	580,000.00	38.88%	354,520.00
Total Revenues	\$ 50,231.00	\$ 287,526.00	\$ -	\$ 337,757.00	\$ 781,500.00	43.22%	\$ 443,743.00
Expenditures							
Salaries	\$ 6,721.10	\$ 10,491.43	\$ -	\$ 17,212.53	\$ 56,475.00	30.48%	\$ 39,262.47
Benefits	2,990.89	4,668.69	-	7,659.58	25,131.00	30.48%	17,471.42
G&A Allocation	10,639.50	16,607.94	-	27,247.44	89,394.00	30.48%	62,146.56
Audit Fees	4,525.00	-	-	4,525.00	5,230.00	86.52%	705.00
Consulting	3,219.17	134,550.29	-	137,769.46	202,050.00	68.19%	64,280.54
Studies	-	-	-	-	-	0.00%	-
Other Contract Services	-	-	-	-	150,000.00	0.00%	150,000.00
Legal Fees	700.00	-	-	700.00	-	0.00%	(700.00)
Project Construction	-	-	-	-	300,000.00	0.00%	300,000.00
Meeting & Conference Expense	-	72.32	-	72.32	1,000.00	7.23%	927.68
Office Expense	-	-	-	-	110.00	0.00%	110.00
Board Compensation	-	-	-	-	300.00	0.00%	300.00
Other Expense	20.97	9.98	-	30.95	100.00	30.95%	69.05
Insurance Expense	2,572.00	-	-	2,572.00	2,900.00	88.69%	328.00
Interest Expense	-	-	-	-	100.00	0.00%	100.00
Total Expenditures	\$ 31,388.63	\$ 166,400.65	\$ -	\$ 197,789.28	\$ 832,790.00	23.75%	\$ 635,000.72
Excess Revenue over (under) Expenditures	\$ 18,842.37	\$ 121,125.35	\$ -	\$ 139,967.72	\$ (51,290.00)	-272.89%	\$ (191,257.72)
 Cash Balance @ 10/31/13	 \$ 103,201.37	 \$ 457,044.13	 \$ 1,476.37	 \$ 561,721.87			

**Lake Elsinore San Jacinto
Watersheds Authority
Disbursements
October 31, 2013**

Check #	Check Date	Type	Vendor	Check Amount
1707	10/18/2013	CHK	AquaTechnex LLC	\$ 112,675.00
1708	10/18/2013	CHK	Santa Ana Watershed Project Authority	\$ 4,990.58
1709	10/18/2013	CHK	Santa Ana Watershed Project Authority	\$ 2,398.24
1710	10/24/2013	CHK	White Nelson Diehl Evans LLP	\$ 2,000.00
1711	10/24/2013	CHK	O'Reilly Public Relations	\$ 1,260.00
EFT019	10/18/2013	CHK	Weston Solutions Inc	\$ 4,055.10
EFT020	10/24/2013	CHK	Risk Sciences	\$ 2,780.41

Total Disbursements October 2013

\$ 130,159.33

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 11/30/13

Balance as of 10/31/13 \$ 561,721.87

**Funds Received
Deposits:**

City of Hemet - TMDL Contribution 18,175.00

Open - Grant Invoices
N/A

\$ -

Open - Member & Other Contributions

Total Due LESJWA \$0.00

Disbursement List - November 2013 (22,714.57)

Funds Available as of 11/30/13 \$ 557,182.30

Funds Available:

Checking \$ 199,827.05

LAIF \$ 357,355.25

Total \$ 557,182.30

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2009 - 2014

Agency	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
March ARB	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
CalTrans	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
City of Beaumont	2,957.00	3,940.00	4,719.53	3,900.00	1,865.00	19,263.00
City of Canyon Lake	3,670.00	4,890.00	4,109.46	3,396.00	644.00	18,389.00
City of Hemet	22,308.00	29,723.00	27,460.77	22,696.00	6,286.00	18,175.00
City of Lake Elsinore	21,403.00	67,782.00	89,889.28	73,133.00	-	19,381.00
City of Menifee	-	-	24,752.77	20,458.00	23,649.00	44,155.00
City of Moreno Valley	50,638.00	67,469.00	63,546.31	52,520.00	15,425.00	103,565.00
City of Murrieta	2,006.00	2,673.00	786.96	650.00	-	12,426.00
City of Perris	15,000.00	19,985.00	20,060.94	16,580.00	5,752.00	18,869.00
City of Riverside	2,071.00	2,759.00	3,587.28	2,965.00	1,575.00	17,641.00
City of San Jacinto	9,565.00	12,744.00	13,470.59	11,133.00	4,315.00	19,487.00
City of Wildomar	-	-	4,668.93	3,859.00	4,461.00	8,307.00
County of Riverside	57,352.00	76,415.00	39,829.77	32,919.00	-	30,165.00
Dept of Fish and Game	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
Eastern Municipal Water District	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
Elsinore Valley Municipal Water District	13,656.00	57,460.00	75,294.20	61,070.00	-	12,500.00
March JPA	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
San Jacinto Agricultural Operators *	159,074.00	-	-	143,320.00	28,278.00	12,500.00
San Jacinto Dairy & CAFO Operators *	41,634.00	37,252.80	25,000.00	10,000.00	10,211.00	12,500.00
Total	451,334.00	433,092.80	447,176.79	508,599.00	167,711.00	429,823.00
Total Paid Contributions	451,334.00	433,092.80	447,176.79	379,290.00	154,661.00	417,323.00
Total Outstanding Contributions	-	-	-	129,309.00	13,050.00	12,500.00
Total Outstanding Contributions						
Dept of Fish and Game	-	-	-	-	12,500.00	12,500.00
Total Outstanding All Years	-	-	-	-	12,500.00	12,500.00

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Five Months Ending Saturday, November 30, 2013

Assets

Checking - Citizens	\$199,827.05
L.A.I.F.	<u>357,355.25</u>
Total Assets	<u><u>\$557,182.30</u></u>

Liabilities

Accounts Payable	<u>19,120.15</u>
Total Liabilities	<u>\$19,120.15</u>

Retained Earnings	392,401.67
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Excess Revenue over (under) Expenditures	<u>\$145,660.48</u>
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Total Net Assets	<u>\$538,062.15</u>
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Total Liabilities and Net Assets	<u><u>\$557,182.30</u></u>
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Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Five Months Ending Saturday, November 30, 2013

	Period Actual	YTD Actual	Annual Budget	% Used	Budget Variance
Revenues					
State Grant Proceeds	\$0.00	\$0.00	\$150,000.00	0.00%	\$150,000.00
LAIF Interest	0.00	231.00	1,500.00	15.40%	1,269.00
Member Agency Contributions	0.00	112,046.00	50,000.00	224.09%	(62,046.00)
Other Agency Contributions	18,175.00	243,655.00	580,000.00	42.01%	336,345.00
Total Revenues	\$18,175.00	\$355,932.00	\$781,500.00	45.54%	\$425,568.00
Expenses					
Salaries - Regular	0.00	17,212.53	56,475.00	30.48%	39,262.47
Payroll Burden	0.00	7,659.58	25,131.00	30.48%	17,471.42
Overhead	0.00	27,247.44	89,394.00	30.48%	62,146.56
Audit Fees	400.00	4,925.00	5,230.00	94.17%	305.00
Consulting - General	7,634.05	149,851.70	202,050.00	74.17%	52,198.30
Other Professional Services	0.00	0.00	150,000.00	0.00%	150,000.00
Legal Fees	0.00	700.00	0.00	0.00%	(700.00)
Project Construction	0.00	0.00	300,000.00	0.00%	300,000.00
Meeting & Conference Expense	0.00	72.32	1,000.00	7.23%	927.68
Shipping & Postage	0.00	9.98	50.00	19.96%	40.02
Office Supplies	0.00	0.00	60.00	0.00%	60.00
Board Compensation	0.00	0.00	300.00	0.00%	300.00
Other Expense	0.00	0.00	100.00	0.00%	100.00
Insurance Expense	0.00	2,572.00	2,900.00	88.69%	328.00
Interest Expense	0.00	20.97	100.00	20.97%	79.03
Total Expenditures	\$8,034.05	\$210,271.52	\$832,790.00	25.25%	\$622,518.48
Excess Revenue over (under) Expenditures	\$10,140.95	\$145,660.48	(\$51,290.00)	-283.99%	(\$196,950.48)

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending November 30, 2013

	JPA	TMDL				Budget	% Used	Budget
	Administration	Task Force	Total					Variance
Revenues								
State Grant Proceeds	\$ -	\$ -	\$ -	\$ 150,000.00	0.00%	\$ 150,000.00		
LAIF Interest	231.00	-	231.00	1,500.00	15.40%	1,269.00		
Member Agency Contributions	50,000.00	62,046.00	112,046.00	50,000.00	224.09%	(62,046.00)		
Other Agency Contributions	-	243,655.00	243,655.00	580,000.00	42.01%	336,345.00		
Total Revenues	\$ 50,231.00	\$ 305,701.00	\$ 355,932.00	\$ 781,500.00	45.54%	\$ 425,568.00		
Expenditures								
Salaries	\$ 6,721.10	\$ 10,491.43	\$ 17,212.53	\$ 56,475.00	30.48%	\$ 39,262.47		
Benefits	2,990.89	4,668.69	7,659.58	25,131.00	30.48%	17,471.42		
G&A Allocation	10,639.50	16,607.94	27,247.44	89,394.00	30.48%	62,146.56		
Audit Fees	4,925.00	-	4,925.00	5,230.00	94.17%	305.00		
Consulting	3,219.17	146,632.53	149,851.70	202,050.00	74.17%	52,198.30		
Studies	-	-	-	-	0.00%	-		
Other Contract Services	-	-	-	150,000.00	0.00%	150,000.00		
Legal Fees	700.00	-	700.00	-	0.00%	(700.00)		
Project Construction	-	-	-	300,000.00	0.00%	300,000.00		
Meeting & Conference Expense	-	72.32	72.32	1,000.00	7.23%	927.68		
Office Expense	-	-	-	110.00	0.00%	110.00		
Board Compensation	-	-	-	300.00	0.00%	300.00		
Other Expense	-	9.98	9.98	100.00	9.98%	90.02		
Insurance Expense	2,572.00	-	2,572.00	2,900.00	88.69%	328.00		
Interest Expense	20.97	-	20.97	100.00	20.97%	79.03		
Total Expenditures	\$ 31,788.63	\$ 178,482.89	\$ 210,271.52	\$ 832,790.00	25.25%	\$ 622,518.48		
Excess Revenue over (under) Expenditures	\$ 18,442.37	\$ 127,218.11	\$ 145,660.48	\$ (51,290.00)	-283.99%	\$ (196,950.48)		
Cash Balance @ 11/30/13	\$ 102,209.05	\$ 454,973.25	\$ 557,182.30					

**Lake Elsinore San Jacinto
Watersheds Authority
Disbursements
November 30, 2013**

Check #	Check Date	Type	Vendor	Check Amount
1712	11/01/13	CHK	MWH Americas, Inc.	\$5,268.24
1713	11/21/13	CHK	Santa Ana Watershed Project Authority	\$11,492.58
1714	11/21/13	CHK	White Nelson Diehl Evans LLP	\$1,000.00
1715	11/21/13	CHK	O'Reilly Public Relations	\$393.75
EFT021	11/20/13	CHK	Risk Sciences	\$4,560.00

Total Disbursements November 2013

\$ 22,714.57

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 12/31/13

Balance as of 11/30/13 \$ 557,182.30

Funds Received

Deposits:

City of Canyon Lake - TMDL Contribution	18,389.00
March Air Reserve Base - TMDL Contribution	12,500.00
March JPA - TMDL Contribution	12,500.00
City of San Jacinto - TMDL Contribution	19,487.00
City of Riverside - TMDL Contribution	17,641.00
City of Menifee - TMDL Contribution	44,155.00

Open - Grant Invoices

N/A

\$ -

Open - Member & Other Contributions

Total Due LESJWA

\$0.00

Disbursement List - December 2013

(24,521.79)

Funds Available as of 12/31/13

\$ 657,332.51

Funds Available:

Checking	\$ 124,977.26
LAIF	\$ 532,355.25
Total	<u>\$ 657,332.51</u>

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2009 - 2014

Agency	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
March ARB	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
CalTrans	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
City of Beaumont	2,957.00	3,940.00	4,719.53	3,900.00	1,865.00	19,263.00
City of Canyon Lake	3,670.00	4,890.00	4,109.46	3,396.00	644.00	18,389.00
City of Hemet	22,308.00	29,723.00	27,460.77	22,696.00	6,286.00	18,175.00
City of Lake Elsinore	21,403.00	67,782.00	89,889.28	73,133.00	-	19,381.00
City of Menifee	-	-	24,752.77	20,458.00	23,649.00	44,155.00
City of Moreno Valley	50,638.00	67,469.00	63,546.31	52,520.00	15,425.00	103,565.00
City of Murrieta	2,006.00	2,673.00	786.96	650.00	-	12,426.00
City of Perris	15,000.00	19,985.00	20,060.94	16,580.00	5,752.00	18,869.00
City of Riverside	2,071.00	2,759.00	3,587.28	2,965.00	1,575.00	17,641.00
City of San Jacinto	9,565.00	12,744.00	13,470.59	11,133.00	4,315.00	19,487.00
City of Wildomar	-	-	4,668.93	3,859.00	4,461.00	8,307.00
County of Riverside	57,352.00	76,415.00	39,829.77	32,919.00	-	30,165.00
Dept of Fish and Game	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
Eastern Municipal Water District	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
Elsinore Valley Municipal Water District	13,656.00	57,460.00	75,294.20	61,070.00	-	12,500.00
March JPA	10,000.00	10,000.00	10,000.00	10,000.00	13,050.00	12,500.00
San Jacinto Agricultural Operators *	159,074.00	-	-	143,320.00	28,278.00	12,500.00
San Jacinto Dairy & CAFO Operators *	41,634.00	37,252.80	25,000.00	10,000.00	10,211.00	12,500.00
Total	451,334.00	433,092.80	447,176.79	508,599.00	167,711.00	429,823.00
Total Paid Contributions	451,334.00	433,092.80	447,176.79	379,290.00	154,661.00	404,823.00
Total Outstanding Contributions	-	-	-	129,309.00	13,050.00	25,000.00
Total Outstanding Contributions						
March JPA	-	-	-	-	12,500.00	12,500.00
Dept of Fish and Game	-	-	-	-	12,500.00	12,500.00
Total Outstanding All Years	-	-	-	-	25,000.00	25,000.00

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Six Months Ending Tuesday, December 31, 2013

Assets

Checking - Citizens	\$124,977.26
L.A.I.F.	<u>532,355.25</u>
Total Assets	<u><u>\$657,332.51</u></u>

Liabilities

Accounts Payable	<u>14,921.94</u>
Total Liabilities	<u>\$14,921.94</u>

Retained Earnings	392,401.67
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Excess Revenue over (under) Expenditures	<u>\$250,008.90</u>
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Total Net Assets	<u>\$642,410.57</u>
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Total Liabilities and Net Assets	<u><u>\$657,332.51</u></u>
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Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Six Months Ending Tuesday, December 31, 2013

	Period Actual	YTD Actual	Annual Budget	% Used	Budget Variance
Revenues					
State Grant Proceeds	\$0.00	\$0.00	\$150,000.00	0.00%	\$150,000.00
LAIF Interest	0.00	231.00	1,500.00	15.40%	1,269.00
Member Agency Contributions	18,389.00	130,435.00	50,000.00	260.87%	(80,435.00)
Other Agency Contributions	106,283.00	349,938.00	580,000.00	60.33%	230,062.00
Total Revenues	\$124,672.00	\$480,604.00	\$781,500.00	61.50%	\$300,896.00
Expenses					
Salaries - Regular	5,465.04	22,677.57	56,475.00	40.16%	33,797.43
Payroll Burden	2,431.94	10,091.52	25,131.00	40.16%	15,039.48
Overhead	8,651.16	35,898.60	89,394.00	40.16%	53,495.40
Audit Fees	0.00	4,925.00	5,230.00	94.17%	305.00
Consulting - General	3,775.44	153,627.14	202,050.00	76.03%	48,422.86
Other Professional Services	0.00	0.00	150,000.00	0.00%	150,000.00
Legal Fees	0.00	700.00	0.00	0.00%	(700.00)
Project Construction	0.00	0.00	300,000.00	0.00%	300,000.00
Meeting & Conference Expense	0.00	72.32	1,000.00	7.23%	927.68
Shipping & Postage	0.00	9.98	50.00	19.96%	40.02
Office Supplies	0.00	0.00	60.00	0.00%	60.00
Board Compensation	0.00	0.00	300.00	0.00%	300.00
Other Expense	0.00	0.00	100.00	0.00%	100.00
Insurance Expense	0.00	2,572.00	2,900.00	88.69%	328.00
Interest Expense	0.00	20.97	100.00	20.97%	79.03
Total Expenditures	\$20,323.58	\$230,595.10	\$832,790.00	27.69%	\$602,194.90
Excess Revenue over (under) Expenditures	\$104,348.42	\$250,008.90	(\$51,290.00)	-487.44%	(\$301,298.90)

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending December 31, 2013

	JPA	TMDL				Budget	% Used	Budget
	Administration	Task Force	Total					Variance
Revenues								
State Grant Proceeds	\$ -	\$ -	\$ -	\$ 150,000.00	0.00%	\$ 150,000.00		
LAIF Interest	231.00	-	231.00	1,500.00	15.40%	1,269.00		
Member Agency Contributions	50,000.00	80,435.00	130,435.00	50,000.00	260.87%	(80,435.00)		
Other Agency Contributions	-	349,938.00	349,938.00	580,000.00	60.33%	230,062.00		
Total Revenues	\$ 50,231.00	\$ 430,373.00	\$ 480,604.00	\$ 781,500.00	61.50%	\$ 300,896.00		
Expenditures								
Salaries	\$ 9,637.39	\$ 13,040.18	\$ 22,677.57	\$ 56,475.00	40.16%	\$ 33,797.43		
Benefits	4,288.64	5,802.88	10,091.52	25,131.00	40.16%	15,039.48		
G&A Allocation	15,255.99	20,642.61	35,898.60	89,394.00	40.16%	53,495.40		
Audit Fees	4,925.00	-	4,925.00	5,230.00	94.17%	305.00		
Consulting	4,330.42	149,296.72	153,627.14	202,050.00	76.03%	48,422.86		
Studies	-	-	-	-	0.00%	-		
Other Contract Services	-	-	-	150,000.00	0.00%	150,000.00		
Legal Fees	700.00	-	700.00	-	0.00%	(700.00)		
Project Construction	-	-	-	300,000.00	0.00%	300,000.00		
Meeting & Conference Expense	-	72.32	72.32	1,000.00	7.23%	927.68		
Office Expense	-	-	-	110.00	0.00%	110.00		
Board Compensation	-	-	-	300.00	0.00%	300.00		
Other Expense	-	9.98	9.98	100.00	9.98%	90.02		
Insurance Expense	2,572.00	-	2,572.00	2,900.00	88.69%	328.00		
Interest Expense	20.97	-	20.97	100.00	20.97%	79.03		
Total Expenditures	\$ 41,730.41	\$ 188,864.69	\$ 230,595.10	\$ 832,790.00	27.69%	\$ 602,194.90		
Excess Revenue over (under) Expenditures	\$ 8,500.59	\$ 241,508.31	\$ 250,008.90	\$ (51,290.00)	-487.44%	\$ (301,298.90)		
Cash Balance @ 12/31/13	\$ 95,402.04	\$ 561,930.47	\$ 657,332.51					

**Lake Elsinore San Jacinto
Watersheds Authority
Disbursements
December 31, 2013**

Check #	Check Date	Type	Vendor	Check Amount
1716	12/13/13	CHK	Santa Ana Watershed Project	\$ 10,736.62
1717	12/19/13	CHK	White Nelson Diehl Evans LLP	\$ 400.00
1718	12/19/13	CHK	O'Reilly Public Relations	\$ 1,111.25
EFT022	12/05/13	CHK	Risk Sciences	\$ 5,161.54
EFT023	12/13/13	CHK	Weston Solutions Inc	\$ 4,448.19
EFT024	12/19/13	CHK	Risk Sciences	\$ 2,664.19
Total Disbursements December 2013				<u><u>\$ 24,521.79</u></u>

LESJWA BOARD MEMORANDUM NO. 731

DATE: February 20, 2014
SUBJECT: Committees Status Report
TO: LESJWA Board of Directors
FROM: Mark Norton, P.E., Authority Administrator

RECOMMENDATION

That the Board of Directors receive and file the status report of the LESJWA Education & Outreach Committee (EOC).

DISCUSSION

Attached are the meeting notes from the Education and Outreach Committee meeting held December 9, 2013.

RESOURCES IMPACT

None.

dm/

Attachment:

1. EOC Meeting Notes 12-9-13

LESJWA Education and Outreach Committee
Meeting Notes
December 9, 2013

Members Present: Mark Norton, Chair, SAWPA
Steven Horn, County of Riverside
Nicole Dailey, City of Lake Elsinore
Nancy Horton, City of Canyon Lake
Bonnie Woodrome, EVMWD

Others Present: Philip Southard, O'Reilly Public Relations

Members Absent: Greg Morrison, EVMWD

1. Call to Order

Mark Norton called the meeting to order at 12:10 noon at Elsinore Valley Municipal Water District (EVMWD), located at 31315 Chaney Street, Lake Elsinore, California.

2. Additions/Corrections to the Agenda

None.

3. Approval of the Meeting Notes

The meeting notes from July 8, 2013 were reviewed and deemed acceptable by the Committee.

4. Project Status

- **Canyon Lake Improvements** – Nancy Horton said that the East Bay remains very green due to algae growth. An explanation of the algae life cycle will be very helpful for the residents at the next Alum outreach event scheduled for Jan. 14, 2014.
- **TMDL Task Force** – Mark Norton reported that the main project that the TMDL is engaged in is the alum application of Canyon Lake. Work is underway and the first alum application of Canyon Lake was conducted during the last week of Sept. 2013. Pre and post monitoring of the lake quality has been conducted and a final report is expected in early 2014. Preliminary results indicated reductions of 70-80% of phosphorus in the Canyon Lake Main Body and East Bay. This was shared with the local newspapers. The plan is to have the alum applied to the lake over five applications occurring in Sept. and Feb. for two and a half years.

Regarding funding, efforts still are underway to secure 100% funding for the Canyon Lake Alum project through SAWPA's application for Prop 84 Chapter 2 Integrated Regional Water Management Implementation Round 2 grant funding. A draft DWR recommended funding list had proposed 50% funding to SAWPA. SAWPA objected to this level of funding along with several other IRWMs across the State. Based on dialogue with DWR, it appears likely that 100% will be awarded to SAWPA under Round 2, but formal announcement will not likely be made until late Dec. 2013 or early Jan. 2014.

Nancy Horton also said that a recent study by Dr. Alex Horne that accompanied the Regional Board permit being considered for EVMWD also may be of interest to the Task Force. Mr. Norton said he would investigate getting a copy of that report out to the LE/CL TMDL Task Force.

- **Lake Levels** – The lake levels at the last meeting were 1241.23' at Lake Elsinore, and 1378.44' at Canyon Lake. The current lake levels are at 1239.31 and Canyon Lake at 1376.44. A question arose as to what level of lake elevation increase can be expected at Lake Elsinore with each inch of precipitation. Ms. Horton said that at Canyon Lake, one inch of precipitation usually equates to one foot of lake level increase. The Committee was not aware of a similar type of rule of thumb for Lake Elsinore.

5. Alum Public Meeting (Jan 14)

- **Noticing**

Mr. Norton reported that a formal notice of the alum public meeting has been posted on the LESJWA website. The event is scheduled for January 14, 2014 at 7 pm at Canyon Lake City Hall Multipurpose Room. Mr. Southard agreed to get the notice of the alum public outreach to Canyon Lake Friday Flyer the week prior to the event as well.

- **Materials**

Interest was expressed by the Committee in assuring that we had a fact sheet about the algae life cycle. Philip Southard said he would work with Dr. Anderson on preparing a relevant fact sheet on the algae life cycle. Ms. Horton indicated that the questions that we want to address are as follows: 1) Why is the East Bay water still green even after the alum application, 2) Was the alum application conducted thoroughly in East Bay?, and 3) Would more of the alum help or at a greater concentration?

- **Media**

The Committee recommended that the Press also be invited to the public outreach committee meeting. Mr. Southard indicated that staff changes were underway at the Press Enterprise and Michael Williams may be the contact covering Canyon Lake.

6. Alum Outreach and Schedule

The next two alum applications in 2014 will occur in Feb. 2014 and Sept. 2014. Mr. Norton said that we should plan on having similar types of public information and outreach evening meetings before every alum application. These will continue through Sept. 2015.

7. 2014 LESJWA Water Summit

The timing of the next LESJWA Water Summit was discussed. Mr. Norton asked the other Committee members what changes in elected officials could be expected. Ms. Daily indicated that there were two City Council seats coming up for consideration in Nov. 2014. Steve Horn said that there were three County Supervisors up for reelection. Bonnie Woodrome indicated that EVMWD also would have three openings on the EVMWD Board come Nov. 2014. After discussion of the pros and cons of the LESJWA Water Summit timing, it was recommended that Mr. Norton obtain feedback from the LESJWA Board on their preference for when it should occur. Ms. Horton recommended also asking the LE/CL TMDL Task Force about their needs and whether the summit is helpful.

Mr. Horton also recommended that LESJWA staff partner with Riverside County Flood Control and Water Conservation District to make presentations to the LE/CL TMDL governing bodies to explain the LE/CL TMDL efforts and obligations, particularly as new 2014-15 budgets to support the LE/CL TMDL TF are being considered for the coming year among elected boards. Mr. Norton said that he would reach out to Jason Uhley to determine if there are specific governing boards from certain LE/CL TMDL task force agencies that may be more on the fence and may need additional support.

Nicole Daily recommended that perhaps a survey be conducted among the TMDL agencies regarding their needs. She also said it may be best to present to subcommittees of the TMDL agencies governing boards since they may be more inclined to discuss the details.

8. Discuss Items for Next Agenda

Ms. Horton recommended that the LESJWA become more involved with addressing the wet weather pathogen TMDL for Canyon Lake and addressing the moratorium on septic systems to be readdressed in 2016. Mr. Norton said that he did not think there was a formal pathogen TMDL for Canyon Lake at this time. Ms. Horton indicated that she heard that there was from Hope Smythe. Mr. Norton agreed to investigate this further.

9. Next Meeting Date

The next LESJWA Education and Outreach Committee will meet on Monday, March 3, 2014 12:00 p.m. at EVMWD.

LESJWA MEMORANDUM NO. 732

DATE: February 20, 2014
SUBJECT: Election of Officers
TO: LESJWA Board of Directors
FROM: Mark Norton, P.E., Authority Administrator

RECOMMENDATION

Staff recommends that the Board of Directors nominate and approve the officers of the LESJWA Board for a two-year term through December 31, 2015.

DISCUSSION

In accordance with the LESJWA Joint Powers Agreement Article, 5.2 the rotation of LESJWA Board officers is encouraged, and the elections are to be held every two years at the first meeting in January [February]. The current Board officers are City of Canyon Lake – Chair, SAWPA – Vice Chair, and EVMWD – Secretary/Treasurer.

5.2 Elections.

Elections of officers shall be conducted every two years in January, in the following order: Chair, Vice Chair, and Secretary-Treasurer. It shall be a policy of the Board to encourage the rotation of the offices among the Board members.

5.3 Installation and Term.

Officers shall assume the duties of their offices after their election at the first meeting in January and shall hold office until their successors are elected and installed, except in the case of their earlier removal or resignation. Vacancies shall be filled by appointment of the Board, and such appointee shall hold office until the election and installation of his/her successor.

RESOURCES IMPACT

None at this time.

MN:dm

LESJWA BOARD MEMORANDUM NO. 733

DATE: February 20, 2014

SUBJECT: Report on Audit for Fiscal Year Ending June 30, 2013

TO: LESJWA Board of Directors

FROM: Karen Williams, Chief Financial Officer

RECOMMENDATION

Staff recommends that the Board of Directors receive and file the FY 2012-13 Report on Audit prepared by White Nelson Diehl Evans, LLP, and direct staff to file the Report on Audit with respective government agencies as required by law.

DISCUSSION

Attached for your review, receipt, and filing is LESJWA's FY 2012-13 Report on Audit (Financial Statements) prepared by White Nelson Diehl Evans, LLP.

All government agencies and/or special districts must contract for an independent financial audit as required by California Government Code. In addition, because LESJWA receives State (SWRCB) grant funding (Proposition 13), the independent audit must include additional work and reporting by the auditors testing LESJWA's internal control procedures for receipt of grant funding, to ensure compliance with respective State and Federal laws and regulations.

Staff is pleased to report that the financial statements presented herein contain no qualifications or reportable conditions. This indicates that LESJWA's financial reporting meets generally accepted accounting principles (GAAP), is compliant with applicable State and Federal laws and regulations, and its internal controls are sufficient to safeguard against material errors or fraud.

The Audit report was sent to each of the member agency's financial staffs for review. After a review of the Audit Report, the financial staff did not feel it was necessary to meet and did not wish to make changes to the report.

Karen Williams will present the audit, and respond to questions the Board may have regarding LESJWA's Report on Audit for the fiscal year ending June 30, 2013.

RESOURCES IMPACT

None.

KW:dm

Attachments:

1. LESJWA CppwcrHpcpelcnReport
2. LESJWA Opci go gpvReport'Nwt

Lake Elsinore & San Jacinto Watersheds Authority



City of Lake Elsinore • City of Canyon Lake • County of Riverside
Elsinore Valley Municipal Water District • Santa Ana Watershed Project Authority

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

ANNUAL FINANCIAL REPORT

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Lake Elsinore & San Jacinto Watersheds Authority



City of Lake Elsinore • City of Canyon Lake • County of Riverside
Elsinore Valley Municipal Water District • Santa Ana Watershed Project Authority

Lake Elsinore & San Jacinto Watersheds Authority

Board of Directors as of June 30, 2013

<u>Representing</u>	<u>Name</u>	<u>Title</u>	<u>Appointment</u>
City of Canyon Lake	Nancy Horton	Chair	April 2010
Santa Ana Watershed Project Authority	Tom Evans	Vice Chair	February 2008
Elsinore Valley Municipal Water District	Phil Williams	Treasurer	February 2001
City of Lake Elsinore	Robert E. Magee	Director	April 2010
County of Riverside	Kevin Jeffries	Director	February 2013

Lake Elsinore & San Jacinto Watersheds Authority
Mark Norton, Authority Administrator
11615 Sterling Avenue
Riverside, CA 92503 • (951) 354-4220
www.mywatersheds.com

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

Annual Financial Report

For the Fiscal Year Ended June 30, 2013

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

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For the fiscal year ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lake Elsinore & San Jacinto Watersheds Authority
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Lake Elsinore & San Jacinto Watersheds Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Authority as of June 30, 2013 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State regulations governing Special Districts.

Emphasis of a Matter

As discussed in Note 2c to the financial statements, the Authority incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

OTHER MATTERS:

Required Supplementary Information

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

The budgetary comparison schedule and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the Authority or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and related note are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

OTHER MATTERS (Continued):

Partial Comparative Information

The financial statements of the Authority as of June 30, 2012, were audited by other auditors whose report dated October 22, 2012, expressed an unmodified opinion on those statements.

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statement for the year ended June 30, 2012 from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The organization information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The organization information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
November 27, 2013

Management's Discussion and Analysis

The Authority

The Lake Elsinore & San Jacinto Watersheds Authority was formed in 2000 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies. The Authority was formed for the purpose of implementing projects and programs to improve the water quality and habitat of Lake Elsinore and its back basin consistent with the Lake Elsinore Management Plan, and to rehabilitate and improve the San Jacinto and Lake Elsinore Watersheds and the water quality of Lake Elsinore in order to preserve agricultural land, protect wildlife habitat, and protect and enhance recreational resources, all for the benefit of the general public. In April 2010, the LESJWA Board revised its organizational mission to set an equal emphasis on improving Canyon Lake water quality as with Lake Elsinore and the watersheds.

The Authority's five member agencies are the City of Lake Elsinore, City of Canyon Lake, County of Riverside, Elsinore Valley Municipal Water District, and Santa Ana Watershed Project Authority (SAWPA).

Overview of the Financial Statements

The Authority is a special purpose government (special district). Accordingly, the accompanying financial statements are presented in the format prescribed for governmental funds by the Governmental Accounting Standards Board.

The Authority has one governmental fund, the general fund.

These financial statements consist of four interrelated statements designed to provide the reader with relevant, understandable data about the Authority's financial condition and operating results. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The statement of net position presents information on all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

See independent auditors' report.

Management's Discussion and Analysis

The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance each provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on page 14 -15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 26 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$392,401 at June 30, 2013.

Net Position

	2013	2012	2011
Assets			
Current and Other Assets	\$ 419,006	\$ 745,913	\$ 794,160
Total Assets	419,006	745,913	794,160
Liabilities			
Current Liabilities	26,605	58,172	58,799
Total Liabilities	26,605	58,172	58,799
Net Position			
Unrestricted	392,401	687,741	735,361
Total Net Position	\$ 392,401	\$ 687,741	\$ 735,361

The following denotes explanations on some of the changes between fiscal years, as compared in the table above.

- The \$326,907 decrease in current assets is due to a decrease in cash and investments. Cash decreased because of a refund of excess TMDL Task Force contributions from prior years and JPA operations were partly funded using the fund balance as was budgeted.
- The \$31,567 decrease in liabilities is due to a general decrease in accounts payable and related party payables.

See independent auditors' report.

Management's Discussion and Analysis

Categories of Net Position

The Authority is required to present its net position in three categories: Net Investment in Capital Assets; Restricted; and Unrestricted.

Net Investment in Capital Assets

At June 30, 2013, the Authority did not have any net investment in capital assets.

Restricted

At June 30, 2013, the Authority did not have any restricted net position.

Unrestricted

At June 30, 2013, the Authority had unrestricted net position of \$392,401.

Change in Net Position

Overall, the fiscal year ending June 30, 2013, resulted in a decrease in net position of \$295,340, a \$247,720 increase from the previous year. The budget included the use of reserves to fund JPA operations.

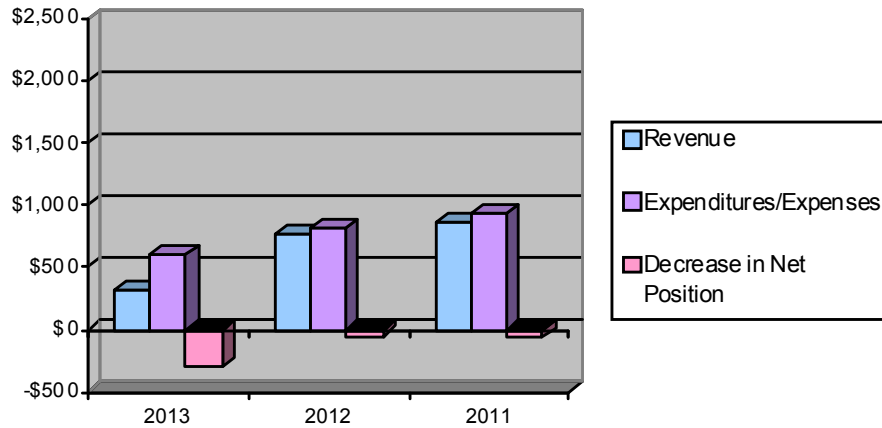
Changes in Net Position

Item Category	2013	2012	2011
	Amount	Amount	Amount
Program Revenues	\$ 259,743	\$ 712,456	\$ 809,221
General Revenues	51,871	53,206	54,326
Total Revenues	311,614	765,662	863,547
Total Expenses	606,954	813,282	922,880
Change in Net Position	(295,340)	(47,620)	(59,333)
Extraordinary Item	0	0	0
Beginning Net Position	687,741	735,361	794,694
Ending Net Position	\$ 392,401	\$ 687,741	\$ 735,361

See independent auditors' report.

Management's Discussion and Analysis

Decrease in Net Position (In thousands)



Revenues

Combined revenues for the fiscal year totaled \$311,614 a decrease of \$454,048, or 59.3%, less than the prior fiscal year. The following table presents a comparison of revenues by category for the fiscal years 2013, 2012, and 2011.

Revenues – Government Wide

Revenue Category	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Capital and Operating Grants	\$ 259,743	83.35%	\$ 712,456	93.05%	\$ 809,221	93.71%
Member Contributions	50,000	16.05%	50,000	6.53%	50,000	5.79%
Interest Earnings	1,871	0.60%	3,206	0.42%	4,326	0.50%
Total Revenues	\$ 311,614	100.00%	\$ 765,662	100.00%	\$ 863,547	100.00%

The following denotes explanations on some of the changes between fiscal years, as compared in the table above.

- The \$452,713 decrease in operating grants and contributions is due to the majority of grant funding from the Proposition 40 TMDL BMP Implementation grant and the SWRCB TMDL grant being completed in FYE 2012.
- The \$1,335 decrease in investment income is due to lower interest earning on reserve fund balance. Reserve funds were used throughout the year to fund JPA operations.

See independent auditors' report.

Management's Discussion and Analysis

Expenses

Combined expenditures for the fiscal year totaled \$606,954, a decrease of \$206,328, or 25.4%, less than the prior fiscal year. The following table presents a comparison of expenditures by category for the fiscal years 2013, 2012, and 2011.

Expenses – Government Wide

Expense Category	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Administrative	\$ 179,262	29.53%	\$ 203,476	25.03%	\$ 266,954	28.93%
Contract Labor	1,700	0.28%	600	0.07%	2,925	0.32%
Consulting	247,266	40.74%	609,095	74.89%	652,835	70.74%
Task Force Credit	178,671	29.44%	-	0.00%	-	0.00%
Interest Expense	55	0.01%	111	0.01%	166	0.02%
Total Expenses	\$ 606,954	100.00%	\$ 813,282	100.00%	\$ 922,880	100.00%

The following denotes explanations on some of the changes between fiscal years, as compared in the table above.

- The \$24,214 decrease in administrative costs is due to a reduction of staff time needed with the completion of the Proposition 40 TMDL BMP Implementation and SWRCB TMDL grant projects.
- The \$361,829 decrease in consulting costs is due to the completion of the Proposition 40 TMDL BMP Implementation and SWRCB TMDL grant projects.
- The \$178,671 increase in Task Force Credit is due to the refund of excess contributions from prior years.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The governmental fund reported by the Authority is the Authority's general fund.

See independent auditors' report.

Management's Discussion and Analysis

As of the end of the fiscal year ended June 30, 2013, the Authority's general fund reported an ending fund balance of \$392,401, a decrease of \$295,340 or 42.9% as compared to the prior year. All of the fund balance constitutes unreserved fund balance, which is available for spending at the Authority's discretion.

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$392,401, which was also the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to total fund expenditures.

Unreserved fund balance represents 64.7% of total general fund expenditures of \$606,954. The prior year comparison for unreserved fund balance to total general fund expenditures is 84.6%.

The fund balance in the Authority's general fund decreased by \$295,340 during the fiscal year due to several factors:

- Decreased contributions for funding the TMDL Task Force.
- Refund of excess TMDL Task Force contributions from prior years.
- Planned used of reserves to fund JPA operations.

Overall, the general fund's performance resulted in expenditures exceeding revenues in the fiscal year ended June 30, 2013, by \$295,340. In the prior year, general fund expenditures exceeded revenues by \$47,620.

Management's Discussion and Analysis

General Fund Budgetary Variances

The Authority's final budget of the general fund did not change from the original budget. The following table presents a comparison of original budgeted amounts versus the actual amounts incurred by category for the fiscal year ended June 30, 2013.

Budget versus Actual – General Fund For the Year Ended June 30, 2013

	Budgeted Amounts Original and Final	Actual Amounts Budgetary and GAAP Basis	Variance with Budget Positive (Negative)
Revenues			
Capital and Operating Grants	\$ 522,535	\$ 259,743	\$ (262,792)
Member Contributions	50,000	50,000	-
Interest Earnings	1,660	1,871	211
Total Revenues	574,195	311,614	(262,581)
Expenses			
Administrative	201,008	179,262	21,746
Contract Labor	1,500	1,700	(200)
Consulting	435,998	247,266	188,732
Task Force Credit	-	178,671	(178,671)
Interest Expense	100	55	45
Total Expenses	638,606	606,954	31,652
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (64,411)	\$ (295,340)	\$ (230,929)
Fund Balances - Beginning of Year		687,741	
Fund Balances - End of Year		\$ 392,401	

See independent auditors' report.

Management's Discussion and Analysis

The following denotes explanations on some of the significant budget variances, as compared in the table above.

- The \$262,792 negative variance for grant program revenues is due to the majority of Proposition 40 TMDL BMP Implementation grant and the SWRCB TMDL grant having been completed in FYE 2012 instead of FYE 2013.
- The \$188,732 positive variance for consulting is due the majority of Proposition 40 TMDL BMP Implementation grant and the SWRCB TMDL grant having been completed in FYE 2012 instead of FYE 2013.
- The \$178,671 negative variance for Task Force Credit is due to the unbudgeted refund of excess TMDL Task Force contributions.
- The \$21,746 positive variance for general and administrative costs is due to lower than anticipated labor costs for 2013 due to the completion of the two grant projects listed above.

Capital Assets

Existing Capital Assets

The Authority did not have any capital assets as of June 30, 2013.

Future Capital Improvements

The Authority does not have any plans for future capital improvements.

Long-Term Debt

The Authority did not have any long-term debt as of June 30, 2013.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

STATEMENT OF NET POSITION

June 30, 2013

(With comparative totals for June 30, 2012)

	Governmental Activities	
	2013	2012
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 416,167	\$ 742,152
Accrued interest receivable	267	714
Prepaid insurance	2,572	2,811
TOTAL ASSETS	419,006	745,913
LIABILITIES:		
Accounts payable and accrued expenses	10,815	46,435
Related party payable (Note 4)	15,790	11,737
TOTAL LIABILITIES	26,605	58,172
NET POSITION:		
Unrestricted	392,401	687,741
TOTAL NET POSITION	\$ 392,401	\$ 687,741

See independent auditors' report and notes to the basic financial statements.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2013
(With comparative totals for the fiscal year ended June 30, 2012)

	Governmental Activities	
	2013	2012
EXPENSES:		
Administrative	\$ 179,262	\$ 203,476
Contract labor	1,700	600
Consulting	247,266	609,095
Task force credit to members	178,671	-
Interest expense	55	111
	<u>606,954</u>	<u>813,282</u>
TOTAL EXPENSES		
PROGRAM REVENUES:		
Capital and operating grants	<u>259,743</u>	<u>712,456</u>
	<u>259,743</u>	<u>712,456</u>
TOTAL PROGRAM REVENUES		
NET PROGRAM (EXPENSES) REVENUES	(347,211)	(100,826)
GENERAL REVENUES:		
Member contributions	50,000	50,000
Interest earnings	<u>1,871</u>	<u>3,206</u>
	<u>51,871</u>	<u>53,206</u>
TOTAL GENERAL REVENUES		
CHANGE IN NET POSITION	(295,340)	(47,620)
NET POSITION - BEGINNING OF YEAR	<u>687,741</u>	<u>735,361</u>
NET POSITION - END OF YEAR	<u>\$ 392,401</u>	<u>\$ 687,741</u>

See independent auditors' report and notes to the basic financial statements.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUND

June 30, 2013

	General Fund
ASSETS:	
Cash and cash equivalents	\$ 416,167
Accrued interest receivable	267
Prepaid insurance	<u>2,572</u>
TOTAL ASSETS	<u>\$ 419,006</u>
LIABILITIES:	
Accounts payable and accrued expenses	\$ 10,815
Related party payable	<u>15,790</u>
TOTAL LIABILITIES	<u>26,605</u>
FUND BALANCE (NOTE 3):	
Nonspendable	2,572
Unassigned	<u>389,829</u>
TOTAL FUND BALANCE	<u>392,401</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 419,006</u>

See independent auditors' report and notes to the basic financial statements.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the fiscal year ended June 30, 2013

	General Fund
REVENUES:	
Capital and operating grants	\$ 259,743
Member contributions	50,000
Interest earnings	1,871
	<hr/>
TOTAL REVENUES	311,614
	<hr/>
EXPENDITURES:	
Administrative	179,262
Contract labor	1,700
Consulting	247,266
Task force credit to members	178,671
Interest expense	55
	<hr/>
TOTAL EXPENDITURES	606,954
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(295,340)
	<hr/>
FUND BALANCE - BEGINNING OF YEAR	687,741
	<hr/>
FUND BALANCE - END OF YEAR	\$ 392,401
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See independent auditors' report and notes to the basic financial statements.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2013

1. ORGANIZATION AND PURPOSE:

The Lake Elsinore & San Jacinto Watersheds Authority (Authority) was formed on April 5, 2000 pursuant to the provisions of Section 6500 of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies. The purpose of the Authority is to implement projects and programs to improve the water quality and habitat of Lake Elsinore and its back basin consistent with the Lake Elsinore Management Plan, and to rehabilitate and improve the San Jacinto and Lake Elsinore Watersheds and the water quality of Lake Elsinore in order to preserve agricultural land, protect wildlife habitat, and protect and enhance recreational resources, all for the benefit of the general public. Administrative costs are funded through equal contributions from each member agency. The five member agencies are the City of Lake Elsinore, City of Canyon Lake, County of Riverside, Elsinore Valley Municipal Water District, and Santa Ana Watershed Project Authority. The Authority is governed by a five-member Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting and Measurement Focus:

The *basic financial statements* of the Authority are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements:

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Authority are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. Basis of Accounting and Measurement Focus (Continued):

Governmental Fund Financial Statements:

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements. The Authority has presented its General Fund, as its major fund, in this statement to meet the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the Authority are interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The Authority reports the following major governmental fund:

General Fund - is a government's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund when necessary.

b. Reconciliation of Fund Financial Statements to Government-wide Financial Statements:

In order to adjust the fund balance on the governmental (general) fund balance sheet to arrive at net position on the statement of net position, certain adjustments are required as a result of the differences in accounting basis and measurement focus between the government-wide and fund financial statements. For the year ended June 30, 2013, the Authority did not have any adjustments to make.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. New Accounting Pronouncements:

GASB Pronouncements Implemented:

In fiscal year 2013, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, *"Elements of Financial Statements"* into definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the Authority early implemented GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the early implementation of this statement, deferred bond costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The Authority was not impacted by the implementation of this accounting pronouncement.

GASB Pending Accounting Standards:

GASB has issued the following statement which may impact the Authority's financial reporting requirement in the future:

- GASB 66 - *"Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62"*, effective for periods beginning after December 15, 2012.
- GASB 67 - *"Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25"*, effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - *"Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27"*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *"Government Combinations and Disposals of Government Operations"*, effective for periods beginning after December 15, 2013.
- GASB 70 - *"Accounting and Financial Reporting for Nonexchange Financial Guarantees"*, effective for the periods beginning after June 15, 2013.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any applicable deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any applicable deferred inflows of resources.

e. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

f. Cash and Cash Equivalents:

Substantially all of Authority's cash is invested in interest bearing cash accounts. The Authority considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Investments and Investment Policy:

The Authority has adopted an investment policy directing the Authority Manager to deposit funds in financial institutions. Investments are to be made in the following area:

- Local Agency Investment Fund (LAIF)

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Investment in State Investment Pool:

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

h. Accounts Receivable and Allowance for Bad Debt:

The Authority considers accounts receivable to be fully collectible. Accordingly, an allowance for doubtful accounts is not required.

i. Budgetary Policies:

Prior to June 30th each fiscal year, the Authority adopts an annual appropriated budget for planning, control, and evaluation purposes. The budget includes proposed expenses and the means of financing them. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. The Board approves total budgeted appropriations and any amendments to the appropriations throughout the year. Actual expenses may not exceed budgeted appropriations, except by 2/3 vote of the Board. Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

j. Net Position:

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

k. Fund Balance:

The financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent.

- **Non-spendable fund balance** - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** - amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Fund Balance (Continued):

- **Assigned fund balance** - amounts that are constrained by the Authority's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the Authority's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund Balance Policy:

The Authority believes that sound financial management principles require that sufficient funds be retained by the Authority to provide a stable financial base at all times. To retain this stable financial base, the Authority needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the Authority and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the Authority's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

l. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Prior Year Data:

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's prior year financial statements, from which this selected financial data was derived.

3. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2013 and 2012 are classified in the Statements of Net Position as follows:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	<u>\$ 416,167</u>	<u>\$ 742,152</u>

Cash and investments as of June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Deposits with financial institution	\$ 59,310	\$ 12,613
Local Agency Investment Fund (LAIF)	<u>356,857</u>	<u>729,539</u>
Total cash and investments	<u>\$ 416,167</u>	<u>\$ 742,152</u>

As of June 30, 2013 and 2012, the District's authorized deposits had the following maturities:

	<u>2013</u>	<u>2012</u>
Local Agency Investment Fund (LAIF)	278 days	268 days

Authorized Deposits and Investments:

Under provisions of the Authority's investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in certain types of investments as listed in Note 2f to the financial statements.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the Authority's bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Authority's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The Authority's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk:

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF is not rated.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

The Authority's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Authority's deposit portfolio with governmental agencies, LAIF, is 86% of the Authority's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the Authority's total investments.

4. FUND BALANCE:

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 2j for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2013 is as follows:

	<u>2013</u>
Nonspendable:	
Prepaid insurance	\$ 2,572
Unassigned	<u>389,829</u>
Total fund balance	<u>\$ 392,401</u>

5. RELATED PARTY TRANSACTIONS:

The Authority contracts with one of its member agencies, the Santa Ana Watershed Project Authority (SAWPA), to administer all of its accounting and administrative support. Total expenditures for administrative services provided by SAWPA for the fiscal year ended June 30, 2013 were \$168,679. Amounts paid to SAWPA for fiscal year 2012-2013 consisted of \$55,651 for salaries, \$24,542 for general and administrative allocation, and \$88,486 for overhead allocation. At June 30, 2013 the amount due to SAWPA was \$15,790.

6. RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased various commercial insurance policies to manage the potential liabilities that may occur from the previously named sources.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2013

7. COMMITMENTS AND CONTINGENCIES:

Grant Awards:

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audits could result in requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Authority believes that such disallowances, if any, would not be significant.

Litigation:

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

8. TASK FORCE CREDIT MEMBERS:

The Lake Elsinore and Canyon Lake Total Maximum Daily Load (TMDL) Task Force is comprised of twenty-one members whose purpose is to conduct storm water and lake water quality monitoring, modeling studies and projects to meet water quality targets for Lake Elsinore and Canyon Lake. Annually, the Task Force determines an expenditure budget from which annual contributions from members are determined. Annual contributions are not legally required and some members do not pay the calculated amount due. Since they are not legally enforceable, receivables are not recorded for the amounts not yet paid.

On August 21, 2012, the Task Force approved the calculation of a credit to refund excess contributions from prior years. The credit was derived from the individual stakeholder corresponding contribution to the Task Force through fiscal year 2011-2012 normalized based upon the actual account balance ending June 30, 2012 and including any remaining funds due to open fiscal year 2011-2012 task orders. The credit resulted in cash paid to members totaling \$178,671. Any credits not resulting in pay-outs were reflected in the invoices of the corresponding member agency.

9. SUBSEQUENT EVENTS:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosure as of November 27, 2013, which is the date these financial statements were available to be issued.

See independent auditors' report.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Adopted Original	Board Approved Changes	Final		
REVENUES:					
Capital and operating grants	\$ 522,535	\$ -	\$ 522,535	\$ 259,743	\$ (262,792)
Member contributions	50,000	-	50,000	50,000	-
Interest earnings	1,660	-	1,660	1,871	211
TOTAL REVENUES	574,195	-	574,195	311,614	(262,581)
EXPENDITURES:					
Administrative	201,008	-	201,008	179,262	21,746
Contract labor	1,500	-	1,500	1,700	(200)
Consulting	435,998	-	435,998	247,266	188,732
Task force credit to members	-	-	-	178,671	(178,671)
Interest expense	100	-	100	55	45
TOTAL EXPENDITURES	638,606	-	638,606	606,954	31,652
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(64,411)	\$ -	(64,411)	(295,340)	(230,929)
FUND BALANCE - BEGINNING OF YEAR	687,741		687,741	687,741	-
FUND BALANCE - END OF YEAR	\$ 623,330		\$ 623,330	\$ 392,401	\$ (230,929)

See independent auditors' report and note to required supplementary information.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2013

1. BUDGETS AND BUDGETARY DATA:

The Authority follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the Authority's Authority Manager and Executive Secretary prepare and submit an operating budget to the Board of Directors for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts. The Authority's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund at the detailed expenditure-type level.

The Authority presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget plus supplemental budget adoptions due to the capital and operating grants that were awarded after the initial budget was adopted.

OTHER INFORMATION

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

ORGANIZATION

For the fiscal year ended June 30, 2013

State of Organization

The Lake Elsinore & San Jacinto Watersheds Authority (the Authority) is a Joint Exercise of Powers Agency created to implement projects and programs to improve the water quality and habitat in order to preserve agricultural land, protect wildlife habitat, and protect and enhance recreational resources, all for the benefit of the general public.

The Authority was authorized and empowered by the Joint Exercise of Powers pursuant to the provisions of Section 6500 of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California.

Agency Members

City of Canyon Lake
City of Lake Elsinore
County of Riverside
Elsinore Valley Municipal Water District
Santa Ana Watershed Project Authority

Date of Membership

April 5, 2000
April 5, 2000
April 5, 2000
April 5, 2000
April 5, 2000

Board of Directors

Nancy Horton
Robert E. Magee
Kevin Jeffries
Phil Williams
Tom Evans

Agency Members

City of Canyon Lake
City of Lake Elsinore
County of Riverside
Elsinore Valley Municipal Water District
Santa Ana Watershed Project Authority

Executive Staff

Mark Norton, Authority Administrator
Karen Williams, CFO SAWPA

Legal Counsel

Aklufi and Wysocki

Auditor

White Nelson Diehl Evans LLP
Certified Public Accountants

See independent auditors' report.

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

Board of Directors
Lake Elsinore & San Jacinto Watersheds Authority
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Elsinore & San Jacinto Watersheds Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "White Nelson Diehl Evans LLP".

Irvine, California
November 27, 2013

Lake Elsinore & San Jacinto Watersheds Authority



City of Lake Elsinore • City of Canyon Lake • County of Riverside
Elsinore Valley Municipal Water District • Santa Ana Watershed Project Authority

November 27, 2013

White Nelson Diehl Evans LLP
2875 Michelle Drive, Suite 300
Irvine, CA 92606

This representation letter is provided in connection with your audit of the financial statements of the Lake Elsinore and San Jacinto Watersheds Authority (the Authority), which comprise the respective financial position of the Authority as of June 30, 2013, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 27, 2013, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2013, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP, if applicable.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) We have made available to you all financial records and related data.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 26) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 29) The financial statements properly classify all funds and activities.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 31) Investments are properly valued.
- 32) The lack of a provision for uncollectible receivables is appropriate.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 35) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 36) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 37) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: Karen Williams

Signature: _____

Title: CFO

Title: _____

LESJWA BOARD MEMORANDUM NO. 734

DATE: February 20, 2014

TO: LESJWA Board

SUBJECT: Brown Act Amendment and Voting Clarification

PREPARED BY: Mark R. Norton, P.E., Authority Administrator

RECOMMENDATION

It is recommended that the Board implement the practice of the Chair announcing the result of the vote on each action taken by the Board immediately upon taking the vote, with enough specificity to identify how each Director voted, and receive and file on legal review of JPA voting provisions.

DISCUSSION

In September 2013, the Governor signed SB 751, which amended the Ralph M. Brown Act with regard to open meetings. SB 751 amends Section 54953 of the Government Code effective January 1, 2014, until January 1, 2018. In particular, it adds the requirement that, “the legislative body of a local agency shall report any action taken, and the vote or abstention on that action of each member present for the action.” Previously, the statute simply prohibited secret ballots.

Pursuant to the new requirement, meeting minutes will reflect the vote, abstention, or absence of each Director on each action taken by the Board. In addition, whenever the Board takes an action during the meeting, the Chair or the Chair’s designee should announce the decision and the vote. This oral report can be summarized so long as each vote can be clearly understood, e.g. “*the motion carries unanimously,*” or “*the motion passes 3-2 with Director X voting against, and Director Y abstaining.*”

In response to a request from the LESJWA Board at the August 2013 meeting, SAWPA staff contacted LESJWA legal counsel, Aklufi & Wysocki, for a legal interpretation of the quorum and voting provisions of the LESJWA JPA Agreement. This is attached as informational.

RESOURCE IMPACTS

None.

MN:dm

LES734- Brown Act Amendment, Voting Clarification



AKLUFİ & WYSOCKI
ATTORNEYS AT LAW

12 NEVADA STREET, SUITE B
REDLANDS, CALIFORNIA 92373

JOSEPH S. AKLUFİ
DAVID L. WYSOCKI

TELEPHONE
(909) 748-7700

FACSIMILE
(909) 748-7710

E-MAIL
AandWLaw@aol.com

MEMORANDUM

TO: MARK R. NORTON, AUTHORITY ADMINISTRATOR
LAKE ELSINORE AND SAN JACINTO WATERSHEDS AUTHORITY

FROM: AKLUFİ AND WYSOCKI, LEGAL COUNSEL

SUBJECT: QUORUM AND VOTING REQUIREMENTS FOR
BOARD OF DIRECTORS

DATED: FEBRUARY 6, 2014

Quorum:

According to the Authority's Joint Powers Agreement, a quorum of the Board of Directors is a majority (3) of the Board of Directors. In other words, at least 3 member agencies must be represented by their respective Directors at a Board meeting for there to be quorum.

Voting:

According to the Authority's Joint Powers Agreement, all actions of the Board of Directors shall be passed upon the affirmative vote of a majority of the Board of Directors, not just a majority of those present. In other words, if only a quorum of 3 Directors is present then all votes must be unanimous since a quorum also constitutes a majority of the Board of Directors and such a majority is required for any actions to be passed by the Board of Directors. If only a quorum of 3 Directors is present, no action can be passed upon the vote of only 2 of the 3 members; all 3 members must vote in favor of the proposed action.

Also according to the Authority's Joint Powers Agreement, no plan or program shall be implemented by the Authority within any member agency's jurisdictional boundaries without, in addition to the Board of Directors approval, the approval of the affected member agency's governing board. This means that even where the Authority's Board of Directors approves a plan or program within a member agency's jurisdictional boundaries that plan or program cannot move forward without the approval of the affected member agency's governing board.

LESJWA BOARD MEMORANDUM NO. 735

DATE: February 20, 2014
SUBJECT: 2014 LESJWA Water Summit
TO: LESJWA Board of Directors
FROM: Mark R. Norton, P.E., Authority Administrator

RECOMMENDATION

Staff recommends that the Board of Directors provide input on the preferred timing of next LESJWA Water Summit.

BACKGROUND

The LESJWA Water Summit has been held annually since 2012. The last Summit was held on April 23, 2013 at Eastern Municipal Water District's (EMWD) Board Room. The Summit provides an opportunity to invite elected officials and staff of the Lake Elsinore and Canyon Lake TMDL Task Force parties to provide important background and support about LESJWA's role, the nutrient TMDLs, and implementation projects like the Canyon Lake alum application. Costs for the event have decreased significantly over time due to the use of a public facility and ending the event before the lunch hour. The location of Eastern Municipal Water District was deemed very effective by the Education and Outreach Committee in being located further upstream, closer to TMDL parties and upstream of Canyon Lake. The final cost including expenses incurred by O'Reilly Public Relations for the Water Summit was \$4,079.18, significantly below the previous year's costs. Approximately 50 people have attended in the past.

In planning for the 2014 LESJWA Summit, the LESJWA Education and Outreach Committee recommended that staff obtain LESJWA Board feedback on a preferred timeframe for the next event. With upcoming vacancies and elections occurring in Nov. 2014, it may be preferred that the next LESJWA Water Summit be deferred until after elections. Staff requests feedback from the LESJWA Board.

RESOURCES IMPACT

Sufficient funding was provided in the approved LESJWA FY 2013-14 Budget under the education and outreach program for the LESJWA Summit.

MN:dm

LESJWA BOARD MEMORANDUM NO. 736

DATE: February 20, 2014

SUBJECT: LESJWA Annual FY 2014-15 Budget – Revenue Assumptions

TO: LESJWA Board of Directors

FROM: Mark R. Norton, P.E., Authority Administrator

RECOMMENDATION

Staff recommends that the Board of Directors provide input on options to address revenue needs to operate LESJWA.

BACKGROUND

In preparation for the draft FY 2014-15 Budget to be submitted to the LESJWA Board in April 2014, staff is reviewing revenue options available to fund the JPA activities. In FY 2013-14, the main source of funding coming into LESJWA came from the TMDL parties that are supporting the TMDL Task Force administration. The source of this funding will be from the TMDL stakeholders; some are the LESJWA member agencies. None of the TMDL funding is used to pay for the LESJWA organization administration. All LESJWA organization administration costs in the past have come from local contributions of the LESJWA member agencies at \$10,000 per agency and local reserves. This level of annual revenue support has remained at this level for the past 14 years.

The LESJWA budget lists projects, studies, and administrative costs associated with operating the agency and implementing TMDL projects. It includes the use of reserve revenue funding carried over from past Proposition 13 Water Bond revenue for much of the LESJWA administrative activities to balance the budget. Based on projections of costs for FY 2014-15, funding from the reserves and continued funding by member agencies will not be sufficient to cover all projected JPA activities estimated at about \$100,000 (\$103,000 minus 3% LESJWA staff reduction).

As indicated in the previously approved 2011 LESJWA Business Plan, one of the primary concerns with the long-term financial outlook for the organization is continued JPA operation funding. With available reserves being tapped to operate the agency and insufficient funding from member agency contributions, the agency was projected to need to reduce expenses or increase revenue to operate at its current operation level by FY 2014-2015. The LESJWA Business Plan laid out the preferred options to deal with the future gap in the following fashion:

1. Pursue State and Federal Grant Funding
2. Decrease annual costs
3. Establish Lake Quality Improvement Contribution
4. Establish TMDL Task Force Contribution for LESJWA
5. Increase Cost Share Among LESJWA Agencies

Staff continues to monitor outside funding sources for future planning and projects that LESJWA can undertake. LESJWA has been successful in obtaining a funding grant of \$500,000 from SAWPA's One Water One Watershed application for State Proposition 84 Integrated Regional Water Management Implementation Round 2 Funding Program that will support the TMDL compliance.

Annual costs for operating LESJWA have been based on the direction of the LESJWA Board to reduce expenses by 3% for FY 2013-14. In addition, the Board agreed at the June 2013 meeting to eliminate Board compensation (stipends). The use of additional revenue funding from the LE/CL TMDL Task Force and/or its member agencies to support LESJWA JPA operations pertaining to the LE/CL TMDL Task Force work, has been discussed with the Task Force. Staff has indicated to the LE/CL TMDL Task Force that such funding may be justified based on the benefit of local governance, contract administration, and the grant application and administration undertaken by LESJWA related to the TMDL compliance. Currently, the recently approved FY 2014-15 LE/CL TMDL Task Force budget reflects some increased costs attributed to increased implementation activities, as well as recovery of some administrative costs to process action items associated with the LE/CL TMDL Task Force. An increase of \$25,000 is being requested from the Task Force for FY 2014-15 above FY 2013-14 levels.

Based on previous projections, the total shortfall for next year was estimated to be \$25,000 and \$50,000 annually thereafter. Because the \$25,000 increase from the LE/CL TMDL TF is not likely to cover all LESJWA costs, staff recommends a gradual increase of LESJWA member agencies contribution since they also receive local benefit from lake improvement at Canyon Lake and Lake Elsinore. An early estimate of the FY 2014-15 and FY 2015-16 contributions by member agency has been prepared based on ability to pay and benefit.

FY 14-15

City of Canyon Lake	\$12,000
City of Lake Elsinore	\$15,000
County of Riverside	\$15,000
EVMWD	\$12,000
SAWPA	<u>\$10,000</u>
Total	\$64,000

FY 15-16

City of Canyon Lake	\$15,000
City of Lake Elsinore	\$17,500
County of Riverside	\$17,500
EVMWD	\$15,000
SAWPA	<u>\$10,000</u>
Total	\$75,000

SAWPA's share remains at \$10,000 because it does not receive benefit from lake improvements. The combination of a \$25,000 increase by the LESJWA member agencies, the \$25,000 increase from the LE/CL TMDL Task Force and the 3% reduction in expenses by LESJWA staff is expected to be sufficient to continue to operate the JPA annually for the foreseeable future.

RESOURCES IMPACT

SAWPA is supportive of providing staff to serve as administrator for LESJWA. Funding of SAWPA staff time for LESJWA activities will be provided by the TMDL stakeholder funding, grant administration funding, and local contributions from LESJWA member agencies.

MN:dm

LESJWA BOARD MEMORANDUM NO. 737

DATE: February 20, 2014

SUBJECT: Canyon Lake Alum Application

TO: Board of Directors

FROM: Mark R. Norton, P.E., Authority Administrator

RECOMMENDATION

Staff recommends that the Board of Directors receive and file a status report on the Canyon Lake Alum Application with Aquatechnex.

BACKGROUND

LESJWA staff held an informational meeting with the public on January 14, 2014 from 7 – 8:30 p.m. at Canyon Lake City Hall Multipurpose Room. As the third in a series of LESJWA sponsored public outreach meeting regarding the Canyon Lake alum application, attendance was much lighter at this event. Notices of the meeting were included in the Canyon Lake Friday Flyer the week prior to the meeting and posted on the LESJWA website; however, only about 15 residents attended.

Nancy Horton, LESJWA Chair, provided introductions and a welcome message at the meeting. Presentations then were provided by Jason Uhley of the Riverside County Flood Control and Water Conservation District about the TMDL regulations that led to the alum application. Terry McNabb of Aquatechnex spoke about the past alum application and the next alum application scheduled for the week of Feb. 10, 2014. One improvement that Aquatechnex volunteered to make to keep residents better informed on work progress is to set up an Internet blog site so that residents can track his location as he passes by. Some residents thought the contractor may have missed some coves of East Bay. The Aquatechnex contractor assured the residents that all coves had alum applied during the last application in late Sept. The next presentation was provided by Dr. Michael Anderson of UCR about the algae life cycle. Tim Moore of Risk Sciences finished up the presentations with sharing the phosphorus reduction sampling results that show that the lake did in fact experience an 80-90% decrease in phosphorus levels as intended after the first alum application. As alum is not an algaecide, much of the East Bay did not see immediate clearing of the lake of algae. Mr. Moore stressed that residents must remain patient as the food source for the algae, the nutrients, are sequestered to the bottom with each alum application and clarity eventually should improve in the East Bay. The main body of Canyon Lake had a measurable improvement in visual water clarity after the initial alum application, but much less so in the East Bay.

The meeting closed out with a Q & A session with a panel of experts to answer any questions by the audience. The panel included all the speakers previously mentioned as well as Mark Norton, LESJWA; Brian Dickenson, EVMWD; and Catherine Wilson, Canyon Lake POA.

The next alum application at Canyon Lake occurred during the week of Feb. 10th – 14th 2014. This application will be followed with three more applications thereafter in Sept. 2014, Feb. 2015, and Sept. 2015. This application started with the East Bay this time and included a Web blog site to allow citizens to track the location and work of Aquatechnex as they proceeded with the application. No problems or concerns have arisen. Positive coverage of the alum was reported in the Press Enterprise and Canyon Lake Friday Flyer newspapers.

Similar to the first application, pre and post-water quality sampling were conducted by MWH and Dr. Noblet/CSUSB students prior to the alum application and will continue for several weeks thereafter.

RESOURCES IMPACT

All staff administration time for the RFP has been budgeted under the LE/CL TMDL Task Force budget that is also shown in the LESJWA budget.

MN:dm

LESJWA BOARD MEMORANDUM NO. 738

DATE: February 20, 2014

SUBJECT: Status Report – Proposition 84 Round 2 Grant Program - Canyon Lake Improvements

TO: LESJWA Board of Directors

FROM: Mark R. Norton, P.E., Authority Administrator

RECOMMENDATION

Staff recommends that the Board of Directors receive and file the status report about the Proposition 84 grant funding of Canyon Lake Improvements.

BACKGROUND

In July 2012, LESJWA submitted a grant proposal to SAWPA for funding of the Canyon Lake Hybrid Treatment Project under the Proposition 84 Integrated Regional Water Management (IRWM) Program Round 2. Although the grant program is administered ultimately by the CA Dept. of Water Resources, SAWPA is the designated IRWM region for the Santa Ana River Watershed. The Lake Elsinore and San Jacinto River subwatersheds are located within the Santa Ana River Watershed.

The grant proposal sought \$1 million in funding of the next main TMDL improvement project, the Canyon Lake Hybrid Treatment Process, a combination of alum and oxygenation, if necessary. In 2010, a preliminary design report for the Hypolimnetic Oxygenations System (HOS) was completed by PACE, Inc. The preliminary design report was funded by the Lake Elsinore/Canyon Lake (LE/CL) TMDL Task Force. In 2011 and early 2012, additional studies by Dr. Michael Anderson showed that a more effective strategy may be to first apply alum to Canyon Lake for a few years and then consider if a downsized HOS would be necessary to assure that TMDL response targets are met. Consequently, a hybrid approach was deemed a more appropriate path by the LE/CL TMDL Task Force.

In December 2012, LESJWA was informed that the Canyon Lake Hybrid Treatment Project was recommended for \$500,000 by the SAWPA Project Selection Committee, the OWOW Steering Committee, and the SAWPA Commission. Between January 2013 and March 2013, LESJWA staff, along with 19 other project proponents selected for funding, have worked with SAWPA staff to prepare the extensive grant application. One of the requirements was an economic analysis.

SAWPA is pleased to announce that DWR's final recommendation was to fund the SAWPA application at 100% of their funding request including \$500,000 to LESJWA for the Canyon Lake Hybrid Treatment Project. Work now will proceed with contracting with DWR and SAWPA, and reimbursement is expected in early 2015 for future alum applications at Canyon Lake.

RESOURCES IMPACT

Sufficient funding was provided by the LE/CL TMDL Task Force for LESJWA administration to cover all grant preparation costs.

MN:dm

LESJWA BOARD MEMORANDUM NO. 739

DATE: February 20, 2014

SUBJECT: TMDL Task Force Status Report

TO: LESJWA Board of Directors

FROM: Mark R. Norton, P.E., Authority Administrator

RECOMMENDATION

Staff recommends that the Board of Directors receive and file this status report on the Lake Elsinore and Canyon Lake TMDL Task Force.

BACKGROUND

On June 18, 2012, a new task force agreement was approved to continue work of the Lake Elsinore and Canyon Lake TMDL Task Force for the next five years. The agreement has now been signed so far by all the Task Force agencies except March JPA, and CA Fish & Wildlife Service. LESJWA continues to serve as the administrator for the Task Force and is a signatory to the Task Force Agreement. Since its formation, the Task Force has focused on the TMDL implementation tasks of the Nutrient TMDL for Canyon Lake and Lake Elsinore. Much of the initial tasks included nutrient reductions plans, monitoring plans and programs, and evaluation of lake improvement strategies. Lake monitoring at both Lake Elsinore and Canyon Lake and stormwater monitoring have been conducted each year since the TMDLs were enacted. Additional studies have been conducted to understand the impacts of lake improvements, ongoing water quality concerns, and changes in land use in the upper watershed. Now with the completion and the submittal to the Regional Board of the Comprehensive Nutrient Reduction Plan by the MS4 Permittees, and the completion and submittal to the Regional Board of the Agricultural Nutrient Management Plan by the Western Riverside Agricultural Coalition, the work of the Task Force is transitioning into an implementation phase.

For Lake Elsinore, the Task Force continues to encourage the Lake Elsinore operators to work together on a new operation and maintenance agreement for the Lake Elsinore aeration system. This will incorporate credits for funding support by the Riverside County MS4 permittees and others to meet their responsibility to control internal nutrient loads. Progress has stalled with changes in staff, but hopefully will begin again soon.

LESJWA has an agreement with Weston Solutions to continue to oversee and implement the FY 2013-14 watershed-wide stormwater monitoring for the Lake Elsinore and Canyon Lake Nutrient Total Maximum Daily Load (TMDL). No measurable storms have occurred so far this year.

As previously mentioned, the Regional Board has agreed to defer in-lake monitoring through FY 2014-15 so that funding that would have been spent on monitoring can be directed to lake improvements, particularly at Canyon Lake. Stakeholders will propose a revised comprehensive watershed and in-lake monitoring program by December 31, 2014 for implementation in fiscal year 2015-2016.

As part of the Task Force Agreement, a Task Force budget and cost allocations were prepared by LESJWA for the FY 2014-15. The new budget reflects a separation of costs between administration for the Task Force, which includes Risk Sciences' support, additional modeling and monitoring program development, along with continued alum applications at Canyon Lake. The LE/CL TMDL TF budget for FY 2014-15 has been approved.

RESOURCES IMPACT

All staff administration time for this contract will be taken from the TMDL budget and funded by the TMDL Task Force parties only.

MN:dm