

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, December 15, 2016 – 4:00p.m.

CALL TO ORDER/PLEDGE OF ALLEGIANCE (Chair Robert Magee)

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 an 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 Clerk prior to the 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.

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 or staff member requests that an item be removed from the Consent Calendar, the item will become the first item of business on the agenda.

1.0 MINUTES.....
RECOMMENDATION: Approve the Minutes of the Board of Directors meeting held October 20, 2016.

1.1 TREASURER'S REPORTS.....
RECOMMENDATION: Receive and file financial statements from September 2016 to October 2016.

1.2 COMMITTEE STATUS REPORT.....
RECOMMENDATION: Receive and file a status report from the Education and Outreach Committee meeting held on November 14, 2016.

1.3 TMDL TASK FORCE REPORT.....
RECOMMENDATION: Receive and file a status report from the Lake Elsinore and Canyon Lake TMDL Task Force meeting held on October 19, 2016.

End of Consent Calendar

- 2.0 LAKE ELSINORE/CANYON LAKE NUTRIENT TMDL REVISION STATUS REPORT (Memo 801).....**
RECOMMENDATION: Receive and file presentation by CDM Smith on the status of the Revision and Update of the Lake Elsinore and Canyon Lake Nutrient TMDLs.
- 3.0 CANYON LAKE ALUM APPLICATION AGREEMENT AND TASK ORDER (Memo 802).....**
RECOMMENDATION: Approve an Agreement for Services and Task Order No. AQUA160-02 with Aquatechnex for an amount not-to-exceed \$640,315 for three continuous years of semi-annual alum dosing in Canyon Lake, with the option to extend for two additional years.
- 4.0 EDUCATION AND OUTREACH SUPPORT (Memo 803).....**
RECOMMENDATION: Receive and file a mid-year status report on LESJWA Education and Outreach activities.
- 5.0 REPORT ON AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2016 (Memo 804).....**
RECOMMENDATION: Receive and file the FY 2015-16 Report on Audit prepared by the auditing firm of White Nelson Diehl Evans, LLP, and direct staff to file the Report on Audit.
- 6.0 PHASE 2 TMDL COMPLIANCE MONITORING PROGRAM – ALUM EFFECTIVENESS MONITORING CHANGE ORDER (Memo 805).....**
RECOMMENDATION: Approve Change Order No. 1 to Task Order No. AMEC160-02 with AMEC Foster Wheeler Environment & Infrastructure, Inc. for an amount not-to-exceed \$20,252 for water quality monitoring.
- 7.0 LAKE ELSINORE/CANYON LAKE TMDL TASK FORCE STATUS REPORT (Memo 806).....**
RECOMMENDATION: Receive and file a status report on the Lake Elsinore & Canyon Lake TMDL Task Force activities.
- 8.0 ADMINISTRATOR’S COMMENTS**
- 9.0 DIRECTORS’ COMMENTS**
- 10.0 ADJOURN**

NEXT BOARD OF DIRECTORS MEETING: Thursday, February 16, 2017 at 4:00 p.m.

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

October 20, 2016

DIRECTORS PRESENT

Robert Magee, Chair
Phil Williams
Vicki Warren
Kevin Jeffries
Brenda Dennstedt

REPRESENTING

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

DIRECTORS ABSENT

None.

OTHERS PRESENT

Nancy Horton
Jason Uhley

Elsinore Valley Municipal Water District
Riverside County Flood Control & WCD

LESJWA STAFF

Mark Norton
Dawna Munson

LESJWA Authority Administrator
LESJWA Board Clerk

The Regular Board of Directors meeting of the Lake Elsinore and San Jacinto Watersheds Authority was called to order at 4:00 p.m., by Chair Robert Magee at the Elsinore Valley Municipal Water District, located at 31315 Chaney Street, Lake Elsinore, California. Chair Magee asked for roll call. Representation from all five member agencies was duly noted by the Board Clerk.

Chair Magee 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 Magee presented the Consent Calendar for review and approval. Upon Motion by Director Dennstedt, seconded by Director Warren, the motion unanimously carried,

2016/10-1

MOVED, approval of the Consent Calendar including the Minutes from the August 18, 2016 Board Meeting, the Treasurer's Reports from June, July, and August 2016, the August 15, 2016 Education & Outreach Committee meeting notes, and the August 18, 2016 Lake Elsinore/Canyon Lake TMDL Task Force meeting notes.

with the following vote:

Ayes: Dennstedt, Jeffries, Magee, Warren
Noes: None
Absent: None
Abstain: Williams (from 4-21-2016 Minutes portion)

2.0: Lake Elsinore & Canyon Lake Nutrient TMDL Revision Task Order (Memo #797)

Mark Norton said staff seeks approval of a task order for CDM Smith for an amount not-to-exceed \$300,000 to continue the work on revising and updating the Lake Elsinore/Canyon Lake Nutrient TMDLs. CDM Smith was chosen in a competitive RFP process in December 2015. On September 21, 2016, the Lake Elsinore/Canyon Lake TMDL Task Force unanimously recommended the second in a series of three tasks orders.

By the review of the Task Force of the documents, just yesterday at SAWPA, CDM Smith appears to be on target and making progress. It's anticipated to be completed by June 2018, and then obtain approvals by the RWQCB, the State Board and the Office of Administrative Law, and EPA. CDM Smith was unable to be here today, but will provide a briefing at the next Board meeting.

Mark Norton quickly reviewed the justification for updating the TMDL, specifically because there have been a lot of new data developed since the LE/CL TMDL first was enacted, as well as several regulatory changes and permit revisions. Overall, we're getting some good information from Dr. Michael Anderson/UCR, which is provided to CDM as we develop the targets. There most likely will be different TMDL targets between East Bay and the main body of Canyon Lake because they're so different and have varying natural conditions.

Lake Elsinore is challenged by the geography of being a natural lake, and the TMDL will reflect that. It will be positive in showing what all has been done, such as the aeration system, and we want to be sure they get credits for that.

Staff has been very pleased with CDM Smith's progress to date, and they'll provide an in depth report of their work.

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

2016/10-2

MOVED, approval of Task Order No. CDM160-02 with CDM Smith, Inc. for an amount no-to-exceed \$300,000, to revise and update the Lake Elsinore and Canyon Lake Nutrient TMDLs.

with the following vote:

| | |
|----------|--|
| Ayes: | Dennstedt, Jeffries, Magee, Warren, Williams |
| Noes: | None |
| Absent: | None |
| Abstain: | None |

3.0: Canyon Lake Alum Application (Memo #798)

Mark Norton said this item is a recommendation to direct staff to issue a RFP for multi-year alum applications to Canyon Lake. AquaTechnex has been doing this for the past three years, and is doing an excellent job, particularly in dealing with the public. Terry McNabb is very responsive and also has a website for Canyon Lake residents to access so they know when the alum application boats are coming by. Nevertheless, it's important that our contractors and public know that we continue to utilize the RFP process. The goal is to do the applications for three more years with the potential for two more years thereafter.

Upon motion by Director Dennstedt, seconded by Director Warren, the motion unanimously carried,

2016/10-3

MOVED, approval for staff to issue a Request for Proposals for multi-year alum treatments to Canyon Lake.

with the following vote:

| | |
|----------|--|
| Ayes: | Dennstedt, Jeffries, Magee, Warren, Williams |
| Noes: | None |
| Absent: | None |
| Abstain: | None |

4.0: License Agreement for Offset Credits (Memo #799)

Mark Norton said this is an informational item at this stage regarding the draft license agreement for the credits that can be offered in essence for sale to the TMDL responsible parties to purchase. The credits are offered by the aeration system operators: the City of Lake Elsinore, EVMWD, and Riverside County. Tim Moore has been working with the operators who realize the benefits of the offset credits system.

There is a cost associated with operating that system, and it's currently a shared cost between the three parties. By doing that, it actually also benefits the upstream parties, who'd like to know if there is a way to participate and help with achieving compliance with the Lake Elsinore TMDL allocations. This license agreement, prepared by Tim Moore, is like a software license and builds on past O&M agreements. It clarifies the provisions regarding the reservation and assignment of offsets to support the original three partners' nutrient reduction needs first, the availability and ownership of any excess offset credits, and then the terms and conditions for licensing excess offset credit to other parties.

Per the TMDL, the operators are responsible every year for defining a certain amount of nutrients available for purchase. Each of the TMDL parties could actually purchase what they need for offsetting the nutrient loads. Further, funding from the nutrient sales could be used for other improvements for the lake. It puts the three operators in a good position.

There is cost for LESJWA to serve as administrator for the crediting. The compliance for the TMDL is a 10-year rolling average, so it's in the parties' best interest to get going on payment as quickly as possible.

This is something that's been discussed with the operators and the Task Force; however, it is still a draft and we aren't seeking approval today. This will be brought back to the board in the December timeframe.

Director Williams asked if the RWRCB needs to buy off on it. Mr. Norton replied that they actually have bought off on it, and it has been accepted by the Regional Board as part of the Nutrient Reduction Plan. There has been some discussion in the past under the TMDL nutrient offset program in the past, and it had been put on hold for a while, but here's an opportunity to carry forth with it.

Director Jeffries asked what becomes of the revenue. Mr. Norton replied that most of it goes back to the operators. LESJWA hasn't been that involved in the transactions among the operators the past few years. LESJWA would be the broker so to speak, and would get some funds to cover the costs of administering the nutrient credit program.

Director Jeffries asked if the revenue must go back to the operators, or can it go back to LESJWA? Mark Norton said that would have to be explored. Perhaps if there was an agreement between all the operators. Discussion ensued about the potential for and obstacles of this theory in light of the potential for a dry lake within the next couple years. Chair Magee said the operators are going to weigh in on the LESJWA fee. Mark Norton said he will get some feedback and it may be adjusted to a higher or lower value. Chair Magee said he has trouble with the onetime fee of \$300/credit in perpetuity, without knowing all sides of the problem. We could be doing this and then no one shows up with the checkbook. And if they do, we must be sure we have a plan, and that we're getting real dollars. We need to do the math and get a better understanding. This is a good start.

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

2016/10-4

MOVED, receive and file a status report on the Draft License Agreement for Offset Credits Generated by the Lake Elsinore Aeration and Mixing System (LEAMS).

with the following vote:

| | |
|----------|--|
| Ayes: | Dennstedt, Jeffries, Magee, Warren, Williams |
| Noes: | None |
| Absent: | None |
| Abstain: | None |

5.0: Lake Elsinore & Canyon Lake TMDL Task Force Status Report (Memo #800)

As some of this item had been discussed within the previous agenda items, Mark Norton quickly summarized a few updates:

- 1) The TMDL meeting notes are now being included in the Consent Calendar, as was requested. 2) The monitoring program continues as required by the Regional Board. There had been some discussion about the pre- and post- monitoring; some question as to whether the monitoring needed to be done right before and after the alum application. There were some situations where the alum kind of floated until dropping off. A boat trip check can be done to evaluate the lake. We've done a pilot scale before, and as long as the surface probes are done, we probably don't need to do the monitoring right before and after. Regular lake monitoring will continue at both lakes at multiple locations.
- 2) The alum application was very successful in September and everyone is pleased with the results. The next anticipated alum application will be late February 2017.
- 3) The Interim 2015 Compliance Report has been accepted by the Regional Board without further comments, and it's anticipated that it will be accepted by the State Board. The alum application video was shown to the Regional Board and they were very pleased.

Director Williams commented that if we're going to do the boat spot checking, it would be best to have someone write up a report on it, so that we have something to stand behind—a means of protection.

Upon motion by Director Dennstedt, seconded by Director Warren, the motion unanimously carried.

2016/10-5

MOVED, receive and file a status report on the Lake Elsinore & Canyon Lake TMDL Task Force.

with the following vote:

Ayes: Dennstedt, Jeffries, Magee, Warren, Williams

Noes: None

Absent: None

Abstain: None

6.0: ADMINISTRATOR'S COMMENTS

The staff report includes a detailed annual report from DeGrave Communications for FY 2015-16. It shows a lot of positive press, and she's been very proactive in press relations. The researcher from SCWRRP who did the work in Canyon Lake, will present their findings to the TMDL Task Force.

7.0: DIRECTORS' COMMENTS

Director Dennstedt wanted to mirror that going forward in the alum application, that she heard a lot of good things and everyone seems to be pleased.

As there was no further business, Chair Magee adjourned the meeting at 4:48 p.m.

APPROVED: December 15, 2016

Robert Magee, Chair

ATTEST: December 15, 2016

Dawna Munson, Board Clerk

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 10/31/16

Balance as of 09/30/16 \$ 1,108,274.38

Funds Received

Deposits:

| | | |
|---------------------------------|----|-----------|
| CA Department of Transportation | \$ | 40,421.00 |
| March JPA | \$ | 38,921.00 |
| LAIF Interest | \$ | 767.08 |

Open - Grant Invoices

| | | |
|---------------------------------------|----|------------|
| DWR - Prop 84 Grant - Inv 1 Retention | \$ | 6,502.99 |
| DWR - Prop 84 Grant - Inv 2 Retention | \$ | 2,019.94 |
| DWR - Prop 84 Grant - Inv 3 Retention | \$ | 546.38 |
| DWR - Prop 84 Grant - Inv 4 | \$ | 6,342.64 |
| DWR - Prop 84 Grant - Inv 5 | \$ | 178,147.44 |
| | \$ | 193,559.39 |

Open - Member & Other Contributions

| | | |
|--|----|------------|
| City of Beaumont | \$ | 37,421.00 |
| City of Moreno Valley | \$ | 96,414.00 |
| CA Department of Fish & Wildlife | \$ | 35,121.00 |
| City of Wildomar | \$ | 41,642.00 |
| West Riverside County Agricultural Coalition | \$ | 24,300.00 |
| | \$ | 234,898.00 |

| | | |
|-------------------------|-----------|-------------------|
| Total Due LESJWA | \$ | 428,457.39 |
|-------------------------|-----------|-------------------|

| | |
|---|--------------|
| Disbursement List - October 2016 | (127,680.29) |
|---|--------------|

| | |
|---------------------------------------|------------------------|
| Funds Available as of 10/31/16 | \$ 1,060,703.17 |
|---------------------------------------|------------------------|

Funds Available:

| | | |
|--------------|-----------|---------------------|
| Checking | \$ | 71,900.11 |
| LAIF | \$ | 988,803.06 |
| Total | \$ | 1,060,703.17 |

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2011 - 2017

| Agency | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 |
|--|-------------------|------------|------------|------------|------------|-------------------|
| March ARB | 10,000.00 | 13,050.00 | 12,500.00 | 35,226.00 | 25,176.00 | 38,321.00 |
| CalTrans | 10,000.00 | 13,050.00 | 12,500.00 | 28,656.00 | 26,072.00 | 40,421.00 |
| City of Beaumont | 3,900.00 | 1,865.00 | 19,263.00 | 24,280.00 | 26,866.00 | 37,421.00 |
| City of Canyon Lake | 3,396.00 | 644.00 | 18,389.00 | 34,863.00 | 24,142.00 | 42,521.00 |
| City of Hemet | 22,696.00 | 6,286.00 | 18,175.00 | 25,510.00 | 27,958.00 | 54,278.00 |
| City of Lake Elsinore | 73,133.00 | - | 19,381.00 | 30,580.00 | 32,463.00 | 37,421.00 |
| City of Menifee | 20,458.00 | 23,649.00 | 44,155.00 | 55,821.00 | 23,584.00 | 100,499.00 |
| City of Moreno Valley | 52,520.00 | 15,425.00 | 103,565.00 | 113,058.00 | 17,750.00 | 96,414.00 |
| City of Murrieta | 650.00 | - | 12,426.00 | 24,280.00 | 26,866.00 | 38,321.00 |
| City of Perris | 16,580.00 | 5,752.00 | 18,869.00 | 26,739.00 | 29,050.00 | 59,821.00 |
| City of Riverside | 2,965.00 | 1,575.00 | 17,641.00 | 24,280.00 | 26,866.00 | 38,921.00 |
| City of San Jacinto | 11,133.00 | 4,315.00 | 19,487.00 | 24,280.00 | 26,866.00 | 37,721.00 |
| City of Wildomar | 3,859.00 | 4,461.00 | 8,307.00 | 19,528.00 | 26,460.00 | 41,642.00 |
| County of Riverside | 32,919.00 | - | 30,165.00 | 36,469.00 | 30,362.00 | 68,931.00 |
| Dept of Fish and Game | 10,000.00 | 13,050.00 | 12,500.00 | 18,435.00 | 28,840.00 | 35,121.00 |
| Eastern Municipal Water District | 10,000.00 | 13,050.00 | 12,500.00 | 16,225.00 | 23,525.00 | 27,789.00 |
| Elsinore Valley Municipal Water District | 61,070.00 | - | 12,500.00 | 16,225.00 | 23,525.00 | 30,361.00 |
| March JPA | 10,000.00 | 13,050.00 | 12,500.00 | 24,485.00 | 27,160.00 | 38,921.00 |
| San Jacinto Agricultural Operators * | 143,320.00 | 28,278.00 | 12,500.00 | 47,549.00 | 23,530.58 | 70,085.00 |
| San Jacinto Dairy & CAFO Operators * | 10,000.00 | 10,211.00 | 12,500.00 | 16,225.00 | - | - |
| Total | 508,599.00 | 167,711.00 | 429,823.00 | 642,714.00 | 497,061.58 | 934,930.00 |
| Total Paid Contributions | 379,290.00 | 167,711.00 | 429,823.00 | 642,714.00 | 497,061.58 | 700,032.00 |
| Total Outstanding Contributions | 129,309.00 | - | - | - | - | 234,898.00 |
| Total Outstanding Contributions | | | | | | |
| City of Beaumont | - | - | - | - | - | 37,421.00 |
| City of Moreno Valley | - | - | - | - | - | 96,414.00 |
| City of Wildomar | - | - | - | - | - | 41,642.00 |
| Dept of Fish and Game | - | - | - | - | - | 35,121.00 |
| San Jacinto Agricultural Operators | 129,309.00 | - | - | - | - | 24,300.00 |
| Total Outstanding All Years | 129,309.00 | - | - | - | - | 234,898.00 |

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Four Months Ending Monday, October 31, 2016

Assets

| | |
|---------------------|-----------------------|
| Checking - US Bank | \$71,900.11 |
| L.A.I.F. | 988,803.06 |
| Accounts Receivable | 428,457.13 |
| Total Assets | <u>\$1,489,160.30</u> |

Liabilities

| | |
|-------------------|---------------------|
| Accounts Payable | <u>119,938.73</u> |
| Total Liabilities | <u>\$119,938.73</u> |

| | |
|-------------------|------------|
| Retained Earnings | 497,763.78 |
|-------------------|------------|

| | |
|--|---------------------|
| Excess Revenue over (under) Expenditures | <u>\$871,457.79</u> |
|--|---------------------|

| | |
|------------------|-----------------------|
| Total Net Assets | <u>\$1,369,221.57</u> |
|------------------|-----------------------|

| | |
|----------------------------------|-----------------------|
| Total Liabilities and Net Assets | <u>\$1,489,160.30</u> |
|----------------------------------|-----------------------|

Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Four Months Ending Monday, October 31, 2016

| | Period Actual | YTD Actual | Annual Budget | % Used | Budget Variance |
|---|---------------------|-----------------------|-----------------------|-------------------|-----------------------|
| Revenues | | | | | |
| State Grant Proceeds | \$178,147.44 | \$178,147.44 | \$172,000.00 | 103.57% | (\$6,147.44) |
| LAIF Interest | 767.08 | 767.08 | 1,500.00 | 51.14% | 732.92 |
| Member Agency Contributions | 0.00 | 279,234.00 | 279,234.00 | 100.00% | 0.00 |
| Other Agency Contributions | 0.00 | 755,696.00 | 759,873.00 | 99.45% | 4,177.00 |
| Total Revenues | \$178,914.52 | \$1,213,844.52 | \$1,212,607.00 | 100.10% | (\$1,237.52) |
| Expenses | | | | | |
| Salaries - Regular | 7,065.03 | 24,705.16 | 58,248.00 | 42.41% | 33,542.84 |
| Payroll Burden | 3,066.23 | 10,722.05 | 25,279.00 | 42.41% | 14,556.95 |
| Overhead | 11,155.68 | 39,009.45 | 91,973.00 | 42.41% | 52,963.55 |
| Audit Fees | 0.00 | 4,200.00 | 5,500.00 | 76.36% | 1,300.00 |
| Consulting - General | 9,906.57 | 259,763.06 | 792,106.00 | 32.79% | 532,342.94 |
| Other Contract Services | 0.00 | 0.00 | 240,000.00 | 0.00% | 240,000.00 |
| Legal Fees | 1,137.50 | 1,531.25 | 500.00 | 306.25% | (1,031.25) |
| Meeting & Conference Expense | 43.00 | 61.99 | 100.00 | 61.99% | 38.01 |
| Shipping & Postage | 0.00 | 0.00 | 50.00 | 0.00% | 50.00 |
| Office Supplies | 0.00 | 0.00 | 60.00 | 0.00% | 60.00 |
| Other Expense | 0.00 | 0.00 | 50.00 | 0.00% | 50.00 |
| Insurance Expense | 0.00 | 2,367.00 | 2,260.00 | 104.73% | (107.00) |
| Interest Expense | 26.77 | 26.77 | 50.00 | 53.54% | 23.23 |
| Total Expenditures | \$32,400.78 | \$342,386.73 | \$1,216,176.00 | 28.15% | \$873,789.27 |
| Excess Revenue over (under) Expenditures | \$146,513.74 | \$871,457.79 | (\$3,569.00) | -24417.42% | (\$875,026.79) |

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending October 31, 2016

| | JPA | | TMDL | | | Budget | % Used | Budget | | | |
|---|----------------|-------------------|------------|-------------------|-------|---------------------|--------|--------------|---------|----|--------------|
| | Administration | | Task Force | | Total | | | Variance | | | |
| Revenues | | | | | | | | | | | |
| State Grant Proceeds | \$ | - | \$ | 178,147.44 | \$ | 178,147.44 | \$ | 172,000.00 | 103.57% | \$ | (6,147.44) |
| LAIF Interest | | 767.08 | | - | | 767.08 | | 1,500.00 | 51.14% | | 732.92 |
| Member Agency Contributions | | 100,000.00 | | 179,234.00 | | 279,234.00 | | 279,234.00 | 100.00% | | - |
| Other Agency Contributions | | - | | 755,696.00 | | 755,696.00 | | 759,873.00 | 99.45% | | 4,177.00 |
| Total Revenues | \$ | 100,767.08 | \$ | 1,113,077.44 | \$ | 1,213,844.52 | \$ | 1,212,607.00 | 100.10% | \$ | (1,237.52) |
| Expenditures | | | | | | | | | | | |
| Salaries | \$ | 10,671.58 | \$ | 14,033.58 | \$ | 24,705.16 | \$ | 58,248.00 | 42.41% | \$ | 33,542.84 |
| Benefits | | 4,631.47 | | 6,090.58 | | 10,722.05 | | 25,279.00 | 42.41% | | 14,556.95 |
| G&A Allocation | | 16,850.43 | | 22,159.02 | | 39,009.45 | | 91,973.00 | 42.41% | | 52,963.55 |
| Audit Fees | | 4,200.00 | | - | | 4,200.00 | | 5,500.00 | 76.36% | | 1,300.00 |
| Consulting | | 3,813.80 | | 255,949.26 | | 259,763.06 | | 792,106.00 | 32.79% | | 532,342.94 |
| Other Contract Services | | - | | - | | - | | 240,000.00 | 0.00% | | 240,000.00 |
| Legal Fees | | 1,531.25 | | - | | 1,531.25 | | 500.00 | 0.00% | | (1,031.25) |
| Meeting & Conference Expense | | 43.00 | | 18.99 | | 61.99 | | 100.00 | 61.99% | | 38.01 |
| Office Expense | | - | | - | | - | | 60.00 | 0.00% | | 60.00 |
| Shipping & Postage | | - | | - | | - | | 50.00 | 0.00% | | 50.00 |
| Other Expense | | - | | - | | - | | 50.00 | 0.00% | | 50.00 |
| Insurance Expense | | 2,367.00 | | - | | 2,367.00 | | 2,260.00 | 104.73% | | (107.00) |
| Interest Expense | | 26.77 | | - | | 26.77 | | 50.00 | 53.54% | | 23.23 |
| Total Expenditures | \$ | 44,135.30 | \$ | 298,251.43 | \$ | 342,386.73 | \$ | 1,216,176.00 | 28.15% | \$ | 873,789.27 |
| Excess Revenue over (under) Expenditures | \$ | 56,631.78 | \$ | 814,826.01 | \$ | 871,457.79 | \$ | (3,569.00) | 100.00% | \$ | (875,026.79) |
| Cash Balance @ 10/31/16 | \$ | 108,903.37 | \$ | 951,799.80 | \$ | 1,060,703.17 | | | | | |

**Lake Elsinore San Jacinto
Watershed Authority
Disbursements
October 31, 2016**

| Check # | Check Date | Type | Vendor | Check Amount |
|----------------------------------|------------|------|---------------------------------|----------------------------|
| 1069 | 10/6/2016 | CHK | Law Office of David L. Wysocki | \$175.00 |
| 1070 | 10/6/2016 | CHK | Amec Foster Wheeler Environment | \$8,424.33 |
| 1071 | 10/14/2016 | CHK | AquaTechnex LLC | \$87,359.82 |
| 1072 | 10/20/2016 | CHK | Amec Foster Wheeler Environment | \$10,980.66 |
| 1073 | 10/28/2016 | CHK | White Nelson Diehl Evans LLP | \$2,000.00 |
| EFT061 | 10/14/2016 | CHK | Santa Ana Watershed Project | \$12,204.61 |
| EFT062 | 10/20/2016 | CHK | DeGrave Communications | \$657.19 |
| EFT063 | 10/28/2016 | CHK | Risk Sciences | \$5,878.68 |
| Total Disbursements October 2016 | | | | <u><u>\$127,680.29</u></u> |

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 09/30/16

Balance as of 08/31/16 \$ 544,148.10

Funds Received

Deposits:

| | |
|--|---------------|
| City of Riverside | \$ 38,921.00 |
| City of Lake Elsinore | \$ 37,421.00 |
| City of Canyon Lake | \$ 42,521.00 |
| Elsinore Valley MWD | \$ 30,361.00 |
| City of Perris | \$ 59,821.00 |
| City of San Jacinto | \$ 37,721.00 |
| Riverside County FCD | \$ 20,000.00 |
| Eastern Municipal Water District | \$ 27,789.00 |
| March Air Reserve Base | \$ 38,321.00 |
| City of Hemet | \$ 54,278.00 |
| City of Murrieta | \$ 38,321.00 |
| City of Menifee | \$ 100,499.00 |
| West Riverside County Agricultural Coalition | \$ 45,785.00 |
| County of Riverside | \$ 68,931.00 |

Open - Grant Invoices

| | |
|---------------------------------------|--------------|
| DWR - Prop 84 Grant - Inv 1 Retention | \$ 6,502.99 |
| DWR - Prop 84 Grant - Inv 2 Retention | \$ 2,019.94 |
| DWR - Prop 84 Grant - Inv 3 Retention | \$ 546.38 |
| DWR - Prop 84 Grant - Inv 4 | \$ 6,342.64 |
| | \$ 15,411.95 |

Open - Member & Other Contributions

| | |
|--|---------------|
| CA Department of Transportation | \$ 40,421.00 |
| City of Beaumont | \$ 37,421.00 |
| City of Moreno Valley | \$ 96,414.00 |
| CA Department of Fish & Wildlife | \$ 35,121.00 |
| March JPA | \$ 38,921.00 |
| City of Wildomar | \$ 41,642.00 |
| West Riverside County Agricultural Coalition | \$ 24,300.00 |
| | \$ 314,240.00 |

Total Due LESJWA

\$ 329,651.95

Disbursement List - September 2016

(76,563.72)

Funds Available as of 09/30/16

\$ 1,108,274.38

Funds Available:

| | |
|--------------|------------------------|
| Checking | \$ 120,238.40 |
| LAIF | \$ 988,035.98 |
| Total | \$ 1,108,274.38 |

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2011 - 2017

| Agency | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 |
|--|-------------------|------------|------------|------------|------------|-------------------|
| March ARB | 10,000.00 | 13,050.00 | 12,500.00 | 35,226.00 | 25,176.00 | 38,321.00 |
| CalTrans | 10,000.00 | 13,050.00 | 12,500.00 | 28,656.00 | 26,072.00 | 40,421.00 |
| City of Beaumont | 3,900.00 | 1,865.00 | 19,263.00 | 24,280.00 | 26,866.00 | 37,421.00 |
| City of Canyon Lake | 3,396.00 | 644.00 | 18,389.00 | 34,863.00 | 24,142.00 | 42,521.00 |
| City of Hemet | 22,696.00 | 6,286.00 | 18,175.00 | 25,510.00 | 27,958.00 | 54,278.00 |
| City of Lake Elsinore | 73,133.00 | - | 19,381.00 | 30,580.00 | 32,463.00 | 37,421.00 |
| City of Menifee | 20,458.00 | 23,649.00 | 44,155.00 | 55,821.00 | 23,584.00 | 100,499.00 |
| City of Moreno Valley | 52,520.00 | 15,425.00 | 103,565.00 | 113,058.00 | 17,750.00 | 96,414.00 |
| City of Murrieta | 650.00 | - | 12,426.00 | 24,280.00 | 26,866.00 | 38,321.00 |
| City of Perris | 16,580.00 | 5,752.00 | 18,869.00 | 26,739.00 | 29,050.00 | 59,821.00 |
| City of Riverside | 2,965.00 | 1,575.00 | 17,641.00 | 24,280.00 | 26,866.00 | 38,921.00 |
| City of San Jacinto | 11,133.00 | 4,315.00 | 19,487.00 | 24,280.00 | 26,866.00 | 37,721.00 |
| City of Wildomar | 3,859.00 | 4,461.00 | 8,307.00 | 19,528.00 | 26,460.00 | 41,642.00 |
| County of Riverside | 32,919.00 | - | 30,165.00 | 36,469.00 | 30,362.00 | 68,931.00 |
| Dept of Fish and Game | 10,000.00 | 13,050.00 | 12,500.00 | 18,435.00 | 28,840.00 | 35,121.00 |
| Eastern Municipal Water District | 10,000.00 | 13,050.00 | 12,500.00 | 16,225.00 | 23,525.00 | 27,789.00 |
| Elsinore Valley Municipal Water District | 61,070.00 | - | 12,500.00 | 16,225.00 | 23,525.00 | 30,361.00 |
| March JPA | 10,000.00 | 13,050.00 | 12,500.00 | 24,485.00 | 27,160.00 | 38,921.00 |
| San Jacinto Agricultural Operators * | 143,320.00 | 28,278.00 | 12,500.00 | 47,549.00 | 23,530.58 | 70,085.00 |
| San Jacinto Dairy & CAFO Operators * | 10,000.00 | 10,211.00 | 12,500.00 | 16,225.00 | - | - |
| Total | 508,599.00 | 167,711.00 | 429,823.00 | 642,714.00 | 497,061.58 | 934,930.00 |
| Total Paid Contributions | 379,290.00 | 167,711.00 | 429,823.00 | 642,714.00 | 497,061.58 | 620,690.00 |
| Total Outstanding Contributions | 129,309.00 | - | - | - | - | 314,240.00 |
| Total Outstanding Contributions | | | | | | |
| CalTrans | - | - | - | - | - | 40,421.00 |
| City of Beaumont | - | - | - | - | - | 37,421.00 |
| City of Moreno Valley | - | - | - | - | - | 96,414.00 |
| City of Wildomar | - | - | - | - | - | 41,642.00 |
| Dept of Fish and Game | - | - | - | - | - | 35,121.00 |
| March JPA | - | - | - | - | - | 38,921.00 |
| San Jacinto Agricultural Operators | 129,309.00 | - | - | - | - | 24,300.00 |
| Total Outstanding All Years | 129,309.00 | - | - | - | - | 314,240.00 |

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Three Months Ending Friday, September 30, 2016

Assets

| | |
|---------------------|-----------------------|
| Checking - US Bank | \$120,238.40 |
| L.A.I.F. | 988,035.98 |
| Accounts Receivable | 329,651.69 |
| Total Assets | <u>\$1,437,926.07</u> |

Liabilities

| | |
|-------------------|---------------------|
| Accounts Payable | 127,680.29 |
| Total Liabilities | <u>\$127,680.29</u> |

| | |
|-------------------|------------|
| Retained Earnings | 497,763.78 |
|-------------------|------------|

| | |
|--|---------------------|
| Excess Revenue over (under) Expenditures | <u>\$812,482.00</u> |
|--|---------------------|

| | |
|------------------|-----------------------|
| Total Net Assets | <u>\$1,310,245.78</u> |
|------------------|-----------------------|

| | |
|----------------------------------|-----------------------|
| Total Liabilities and Net Assets | <u>\$1,437,926.07</u> |
|----------------------------------|-----------------------|

Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Three Months Ending Friday, September 30, 2016

| | Period Actual | YTD Actual | Annual Budget | % Used | Budget Variance |
|---|-----------------------|-----------------------|-----------------------|-------------------|-----------------------|
| Revenues | | | | | |
| State Grant Proceeds | \$0.00 | \$0.00 | \$172,000.00 | 0.00% | \$172,000.00 |
| LAIF Interest | 0.00 | 0.00 | 1,500.00 | 0.00% | 1,500.00 |
| Member Agency Contributions | 0.00 | 279,234.00 | 279,234.00 | 100.00% | 0.00 |
| Other Agency Contributions | 0.00 | 755,696.00 | 759,873.00 | 99.45% | 4,177.00 |
| Total Revenues | \$0.00 | \$1,034,930.00 | \$1,212,607.00 | 85.35% | \$177,677.00 |
| Expenses | | | | | |
| Salaries - Regular | 4,050.65 | 17,640.13 | 58,248.00 | 30.28% | 40,607.87 |
| Payroll Burden | 1,757.98 | 7,655.82 | 25,279.00 | 30.29% | 17,623.18 |
| Overhead | 6,395.98 | 27,853.77 | 91,973.00 | 30.28% | 64,119.23 |
| Audit Fees | 2,000.00 | 4,200.00 | 5,500.00 | 76.36% | 1,300.00 |
| Consulting - General | 93,895.69 | 162,318.54 | 792,106.00 | 20.49% | 629,787.46 |
| Other Contract Services | 0.00 | 0.00 | 240,000.00 | 0.00% | 240,000.00 |
| Legal Fees | 175.00 | 393.75 | 500.00 | 78.75% | 106.25 |
| Meeting & Conference Expense | 0.00 | 18.99 | 100.00 | 18.99% | 81.01 |
| Shipping & Postage | 0.00 | 0.00 | 50.00 | 0.00% | 50.00 |
| Office Supplies | 0.00 | 0.00 | 60.00 | 0.00% | 60.00 |
| Other Expense | 0.00 | 0.00 | 50.00 | 0.00% | 50.00 |
| Insurance Expense | 0.00 | 2,367.00 | 2,260.00 | 104.73% | (107.00) |
| Interest Expense | 0.00 | 0.00 | 50.00 | 0.00% | 50.00 |
| Total Expenditures | \$108,275.30 | \$222,448.00 | \$1,216,176.00 | 18.29% | \$993,728.00 |
| Excess Revenue over (under) Expenditures | (\$108,275.30) | \$812,482.00 | (\$3,569.00) | -22764.98% | (\$816,051.00) |

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending September 30, 2016

| | JPA | TMDL | | | | Budget | % Used | Budget |
|---|-----------------------|----------------------|------------------------|-----------------|---------|-----------------|---------------|-----------------|
| | Administration | Task Force | Total | | | | | Variance |
| Revenues | | | | | | | | |
| State Grant Proceeds | \$ - | \$ - | \$ - | \$ 172,000.00 | 0.00% | \$ 172,000.00 | | |
| LAIF Interest | - | - | - | 1,500.00 | 0.00% | 1,500.00 | | |
| Member Agency Contributions | 100,000.00 | 179,234.00 | 279,234.00 | 279,234.00 | 100.00% | - | | |
| Other Agency Contributions | - | 755,696.00 | 755,696.00 | 759,873.00 | 99.45% | 4,177.00 | | |
| Total Revenues | \$ 100,000.00 | \$ 934,930.00 | \$ 1,034,930.00 | \$ 1,212,607.00 | 85.35% | \$ 177,677.00 | | |
| Expenditures | | | | | | | | |
| Salaries | \$ 7,197.60 | \$ 10,442.53 | \$ 17,640.13 | \$ 58,248.00 | 30.28% | \$ 40,607.87 | | |
| Benefits | 3,123.76 | 4,532.06 | 7,655.82 | 25,279.00 | 30.29% | 17,623.18 | | |
| G&A Allocation | 11,365.02 | 16,488.75 | 27,853.77 | 91,973.00 | 30.28% | 64,119.23 | | |
| Audit Fees | 4,200.00 | - | 4,200.00 | 5,500.00 | 76.36% | 1,300.00 | | |
| Consulting | 3,060.94 | 159,257.60 | 162,318.54 | 792,106.00 | 20.49% | 629,787.46 | | |
| Other Contract Services | - | - | - | 240,000.00 | 0.00% | 240,000.00 | | |
| Legal Fees | 393.75 | - | 393.75 | 500.00 | 0.00% | 106.25 | | |
| Meeting & Conference Expense | - | 18.99 | 18.99 | 100.00 | 18.99% | 81.01 | | |
| Office Expense | - | - | - | 60.00 | 0.00% | 60.00 | | |
| Shipping & Postage | - | - | - | 50.00 | 0.00% | 50.00 | | |
| Other Expense | - | - | - | 50.00 | 0.00% | 50.00 | | |
| Insurance Expense | 2,367.00 | - | 2,367.00 | 2,260.00 | 104.73% | (107.00) | | |
| Interest Expense | - | - | - | 50.00 | 0.00% | 50.00 | | |
| Total Expenditures | \$ 31,708.07 | \$ 190,739.93 | \$ 222,448.00 | \$ 1,216,176.00 | 18.29% | \$ 993,728.00 | | |
| Excess Revenue over (under) Expenditures | \$ 68,291.93 | \$ 744,190.07 | \$ 812,482.00 | \$ (3,569.00) | 100.00% | \$ (816,051.00) | | |
| Cash Balance @ 09/30/16 | \$ 115,158.66 | \$ 993,115.72 | \$ 1,108,274.38 | | | | | |

**Lake Elsinore San Jacinto
Watershed Authority
Disbursements
September 30, 2016**

| Check # | Check Date | Type | Vendor | Check Amount |
|------------------------------------|------------|------|---------------------------------------|---------------------------|
| 1066 | 9/8/2016 | CHK | Amec Foster Wheeler Environmental | \$26,021.70 |
| 1067 | 9/16/2016 | CHK | Law Office of David L. Wysocki | \$218.75 |
| 1068 | 9/22/2016 | CHK | White Nelson Diehl Evans LLP | \$1,200.00 |
| EFT057 | 9/16/2016 | CHK | Santa Ana Watershed Project Authority | \$28,924.81 |
| EFT058 | 9/16/2016 | CHK | CDM Smith Inc | \$16,753.46 |
| EFT059 | 9/22/2016 | CHK | Risk Sciences | \$2,205.00 |
| EFT060 | 9/22/2016 | CHK | DeGrave Communications | \$1,240.00 |
| Total Disbursements September 2016 | | | | <u><u>\$76,563.72</u></u> |

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

LESJWA Education and Outreach Committee Meeting Notes

November 14, 2016

Members Present: Mark Norton, Chair, SAWPA
Nicole Dailey, City of Lake Elsinore
Bonnie Woodrome, EVMWD
Steve Horn, County of Riverside (by phone)

Others Present: Liselle DeGrave, DeGrave Communications
Nelly Telleria, City of Lake Elsinore

Members Absent: Vicki Warren, City of Canyon Lake

1. Call to Order

Mark Norton called the meeting to order at 12:15 pm 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 August 15, 2016 were reviewed. The Committee noted that Nicole Dailey's intern, Nelly Telleria was in attendance at the last Committee meeting. With the addition of her name to the list of attendees, the meeting notes were deemed acceptable by the Committee.

4. Lake Levels

- Lake Levels – The most current lake levels at Lake Elsinore are 1232.19 (November 7), and 1377.15' at Canyon Lake (November 7). The lake levels from the last meeting at Lake Elsinore were 1232.97 (August 15) and Canyon Lake at 1379.77 (August 15). Nicole Dailey reported that the lake levels have dropped near the main city boat launch area but the boat launch is still in operation. She said that the lake has a marble like look but not as many algae mats as before.

5. Canyon Lake

- Update. Mr. Norton said that so far and since the alum application in September 2016, Canyon Lake has been reported to be in good condition with no reports of algae blooms. An RFP for future alum applications has been posted and the deadline is set for Monday, November 21st. Mr. Norton indicated that they were quite pleased with the services of past alum application by Aquatechnex; however, since it has been several years, it was time for another RFP. This will be presented as a three-year contract with the option to extend two years. This is a competitive and fair process that hopefully will continue to ensure the best prices for this service. The recommendation for selection of these services will be brought to the LESJWA Board at the next meeting scheduled for December 15, 2016.

6. Lake Elsinore

- Update. Ms. Dailey reported that Southern California Coastal Water Research Project (SCCWRP) held their latest sampling for algae toxins on October 25th but the City has not received the results yet. Thereafter, AMEC will be conducting their next sampling for algae toxins on December 8th coinciding with the LESJWA lake sampling. Ms. Dailey said that since nothing has really changed, no new postings have been made on websites at this time. For early 2017, the AMEC sampling for algae toxins will occur again coinciding with the next LESJWA sampling to save on costs. Nicole indicated thereafter the City may transition to just two sites but it will depend on whether the winter brings any significant storm runoff into the lake. The City has spent over \$16,000 on algae toxin sampling but would like to see if the Lake Elsinore and Canyon Lake TMDL Task Force could help in sharing in this cost. Mr. Norton said that as chair of the Task Force, he recommended that Nicole Dailey prepare a formal request by a letter to the Task Force and we can agendaize this for the January Task Force meeting. He also said the Task Force is currently not required to conduct this work and it has not been included in the TMDL. However, it may be in the future since the State Water Resources Control Board is looking at Harmful Algae Blooms but again it is not required to conduct sampling of this nature.

Nicole Dailey said the City of Lake Elsinore still gets a barrage of interest from various companies who claim to have a solution to the problems of the lake, but they all appear to be cost prohibitive. One firm who recently approached the City is from Korea and claims they have a bacteria product that can kill and clear the algae. They would love to build a plant to process the product. However, concerns exist with where to obtain any funding for even a feasibility study for this approach. Another vendor, Jeff Alderman, continues to make very time consuming requests for information. LESJWA staff and the City of Lake Elsinore have continued to be supportive in providing information if it can help.

7. City Council Outreach Material Packets

- Materials/next steps. Liselle DeGrave proposed sending a letter of introduction, the LESJWA Brochure and the LESJWA Infographic to all new City Council members and others from the LE/CL TMDL Task Force agencies. Mr. Norton said he has offered to provide presentations about LESJWA to the LE/CL TMDL Task Force agencies under the annual budget process, but very few agencies request support in this area. Further, Mr. Norton said although he would love to get out to every one of the 20 plus agencies to educate governing agency representatives about LESJWA, he must balance this demand for presentations with the amount of funding available to LESJWA for Mr. Norton's time. The Committee was supportive of Ms. DeGrave's recommended LESJWA outreach packet. She will prepare the draft letter of introduction from LESJWA for Mr. Norton's signature.

8. Facebook Proposal

- Update. Ms. DeGrave handed out a two-page statistic page showing the results of the new LESJWA Facebook outreach effort. Overall, the outreach is going well and gradually growing. She noted that the Canyon Lake Friday Flyer did announce the launch of the new Facebook page. Further, an article about the LESJWA-funded alum application was posted on the Canyon Lake POA Association News. Ms. DeGrave will continue to monitor the LESJWA Facebook and post items worthy of interest.

9. Chamber Outreach

- Next steps. Ms. DeGrave shared that as promised in her LESJWA proposal, she has reached out to local Chambers of Commerce to determine if there was value in LESJWA getting involved or even becoming a member. She reported that the Canyon Lake Chamber seemed to be fairly inactive. She reported that the Lake Elsinore Chamber was active and if LESJWA wanted to become a member, the costs would be \$150/yr for non-profits and \$225/yr for government agencies. If desired, Ms. DeGrave said she might be able to make the case that we should get the non-profit rate. Ms. Dailey said that the City of Lake Elsinore is very involved and thought perhaps a joint article among the LESJWA agencies and even a joint presentation about LESJWA may be of value rather than LESJWA becoming a member. The Committee was supportive and Ms. Dailey will reach out to Kim Cousins, the Chamber President, to see if an article and/or presentation would be good in April or May of 2017. Ms. DeGrave said she also reached out to the Wildomar Chamber of Commerce and their costs for membership were even more expensive than the Lake Elsinore Chamber. Ms. DeGrave will check with Wildomar Chamber to see if a presentation by LESJWA's Authority Administrator would be worthwhile.

10. Online Media Kit

- Next steps. Ms. DeGrave reported that she felt it would be advantageous in future interactions with the press to have an online media kit posted on the LESJWA website that provides ready access to photos, articles, and other resources as reporters prepare press articles. The Committee was supportive with Liselle DeGrave proceeding with this. Ms. DeGrave will prepare the kit and forward it to Zyanya Blancas at SAWPA to post on the LESJWA website.

Ms. DeGrave shared that LESJWA received two public relations awards recognizing the LESJWA Alum Outreach and the LESJWA Infographic. Mr. Norton congratulated Ms. DeGrave for the awards and requested that she bring them to the next LESJWA Board meeting for formal presentation to the LESJWA Board.

11. Discuss Items for Next Agenda

- No items were discussed.

12. Next Meeting Date

The next LESJWA Education and Outreach Committee meeting is scheduled for Monday, Feb. 13th at 12 noon at EVMWD.

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**MEETING NOTES
OF THE
LAKE ELSINORE/CANYON LAKE TMDL TASK FORCE**

October 19, 2016

PARTICIPANTS

Chris Stransky
Kevin Stolzenbach
Janna Lee
Richard Meyerhoff
Steven Wolosoff
Tad Nakatani
Cynthia Gabaldon
Mike Roberts
Lynn Merrill
Steve Horn
Al Javier
Nancy Horton
Lauren Sotelo
Ankita Vyas
Kyle Gallup
Mike Venable
Stuart McKibbin
Ken Theisen
Mark Smythe
Wanda Cross
Pat Boldt
Tim Moore
Mark Norton
Rick Whetsel

REPRESENTATIVE

AMEC Foster Wheeler
AMEC Foster Wheeler
Cities of Canyon Lake/Moreno Valley
CDM Smith
CDM Smith
City of Menifee
City of Perris
City of Riverside
City of San Jacinto
County of Riverside
Eastern Municipal Water District
Elsinore Valley MWD
March JPA
Michael Baker/Caltrans
Riverside County Flood Control & WCD
Riverside County Flood Control & WCD
Riverside County Flood Control & WCD
Regional Water Quality Control Board
Regional Water Quality Control Board
Regional Water Quality Control Board
WRCAC
Risk Sciences
Santa Ana Watershed Project Authority
Santa Ana Watershed Project Authority

Via Conference Call:

Bobby Gustafson
Nicole Dailey

Elsinore Valley MWD
City of Lake Elsinore

Call to Order & Introductions

The Lake Elsinore/Canyon Lake TMDL Task Force meeting was called to order at 1:05 p.m. by Mark Norton at the Santa Ana Watershed Project Authority, Riverside, California.

Meeting Notes

The Meeting Notes were approved by the Task Force for the meeting held on September 21, 2016.

Discussion: Update and Revise TMDLS (CDM Smith/Risk Sciences)

Richard Meyerhoff provided stakeholders an update on the TMDL Technical report, and then introduced Steven Wolosoff to provide an update on the TMDL Source Assessment.

A. Numeric Target Update:

Steve Wolosoff provided a PowerPoint presentation updating stakeholders on the effort to revise and update the TMDL Numeric Targets. This included an in depth discussion of the proposed reference Watershed Approach.

B. Source Assessment:

Steve Wolosoff provided a presentation updating stakeholders on the effort to characterize nutrient sources for the TMDL Source Assessment.

A direct link is provided below to SAWPA's website containing the presentations given at this meeting:

<http://www.sawpa.org/wp-content/uploads/2012/05/2016-10-19-CDM-Revision-of-the-LE-CL-TMDL1.pdf>

Update: Draft LEAMS License Agreement for offset Credits (Risk Sciences)

Tim Moore provided an overview to stakeholders on the LEAMS O&M agreement between the three original funding partners. This was followed by an overview and discussion of the proposed licensing agreement between the three funding partners and LESJWA.

Steve Horn requested that, as stakeholders have not had an opportunity to review this agreement, to include this item on next month's agenda; give stakeholders the opportunity to review and prepare questions on the agreement.

Mark Norton requested that Tim Moore prepare a list of frequently asked questions or marketing materials for stakeholders to help them answer questions from their respective Boards.

Update: Canyon Lake Alum Project (LESJWA Staff)

A. Update" September Alum Application

The report from Aquatechnex and local representatives was that the application went without issue.

Tim Moore brought up an issue with other alum applications being conducted across the State that was shared by Mark Smythe and Ken Theisen regarding some post application studies of water quality. It was discovered that there were elevated levels of aluminum in the sediment data. The unfortunate thing about this is that the EPA calls for the measurement of total recoverable aluminum. Tim noted that it matters a lot what form the aluminum is in as some forms of aluminum are highly reactive. The form of aluminum that is produced during our alum applications to Canyon Lake is aluminum phosphate, which is an inert nontoxic mineral. To support this we did numerous toxicity tests which showed no toxicity.

Unfortunately, the write-up from the other Regional Board, did not address what form the aluminum was in, and reported levels of aluminum far in exceedance of the EPA threshold. Tim Moore wanted to reassure the Regional Board and stakeholders that the task Force addressed in detail any issues regarding toxicity before we even started our alum applications to Canyon Lake, and that what we are doing is completely safe and follows State and EPA guidelines.

Mark Norton noted that there are fact sheets relating to aluminum toxicity available on the LESJWA website www.mywatersheds.com (see LESJWA Projects Update)

B. Action Item: RFP for Canyon Lake Alum Application 2017-2020

Mark Norton reviewed the Canyon Lake Alum Treatment Project, noting that it has been over four years since we initiated the project and to maintain a fair and open process it is time to reissue a Request for Proposals. Through this RFP, a three year agreement with the opportunity to extend the agreement two additional years is proposed for two alum applications a year following the same methods and dosage as is detailed in the CEQA documents.

Staff requested a recommendation from the Task Force for staff to take this RFP forward to the LESJWA Board for authorization. **A motion was put forward by Nancy Horton and seconded by Pat Boldt. The motion was passed unanimously.**

C. Video: Canyon Lake Alum Project

Mark Norton presented a Canyon Lake Alum Project video funded by LESJWA and prepared by DeGrave Communications, LESJWA's public relations consultant. The video is about six minutes long.

Action Item: TMDL Compliance Program (Amec Foster Wheeler)

A. Canyon Lake Alum Project Effectiveness Monitoring and Reporting

Chris Stransky presented to stakeholders a proposal for a change order to Amec's existing contract for conducting Canyon Lake Alum Effectiveness monitoring.

This includes a pre- and post-application monitoring following the previous Canyon Lake Alum Effectiveness monitoring plan (as the new Phase 2 monitoring plan has not yet been approved by the Regional Board).

In addition, Mr. Stransky detailed the monitoring and costs to continue this monitoring moving forward.

Tim Moore informed stakeholders that we have completed the pilot project and have more than enough validated data and do not need to do much effectiveness monitoring. Now, what we need are only two relatively light pre alum application monitoring events to confirm appropriate application conditions. This will include only the physical parameters that can be collected using a field probe (depth, Temperature, dissolved oxygen (DO), pH, oxidation / reduction potential (ORP), electrical conductivity (EC), and secchi depth).

Lastly, it was noted that Amec foster Wheeler is working to complete the signature page for the Phase 2 TMDL Compliance Monitoring Program QAPP. Once the signature page is completed, LESJWA staff will submit the Phase 2 TMDL Compliance Monitoring Plan and QAPP to the Regional Board for approval.

Lake Updates

Lake Elsinore

Nicole Dailey reported that the Lake level continues to drop (estimated at one inch per week), with the current Lake elevation measured at 1232.19 ft above sea-level and TDS at about 3,800 mg/L

She informed the Task Force that there has been a significant improvements in the density of algae mats accumulating along the shoreline of the Lake.

The City is continuing its effort to monitor for cyanotoxins, working with Amec Foster Wheeler in coordination with their monitoring for the Task Force and SCCWRP is continuing their "every other week" monitoring. This City is reviewing both sets of data to try and identify any correlation or trends with the cyanotoxin results. The City plans to meet with Amec and possibly SCCWRP to discuss possible strategies moving forward including keeping the lake posted with warning signs and possible additional monitoring over the winter.

Ms. Dailey also reported that, with deteriorating lake conditions, the City has been approached by a number of individuals with proposals to treat the Lake. She noted an individual that is interested in the lake's aeration system, who is interested in putting together a proposal to do additional research on the system

Canyon Lake

Nancy Horton reported an issue that has arisen due to the improved water clarity. The Lake is experiencing the excessive growth of masses of Spiny Naiad throughout the Lake.

Tim Moore requested that Amec Foster Wheeler prepare a list of invasive aquatic plants.

After further discussion, it was noted that Spiny Naiad is likely native to California and that the Task Force investigate management alternatives to control the aquatic plant in Canyon Lake.

Task Force Administration (LESJWA Staff)

Rick Whetsel provided an update to stakeholders on the FY 2016-17 invoices sent out on August 19th. He noted that there are currently only four outstanding invoices including the Cities of Beaumont, Moreno Valley and Wildomar, along with CA Department of Fish and Game.

He also noted that the only stakeholder to decline their allocation to LEAMS was WRCAC, who has set aside these funds until issues are resolved with the implementation with the San Jacinto CWAD.

Rick Whetsel will prepare a Draft FY 2017-18 budget and send it out to stakeholders for review and comment in November.

Other Business

There were no other items of business.

Schedule Next Meeting

The next LE&CL TMDL Task Force meeting is scheduled for January 4th 1- 4:00 p.m. at SAWPA.

Adjourn

The meeting adjourned at 3:45 p.m.

LESJWA BOARD MEMORANDUM NO. 801

DATE: December 15, 2016

SUBJECT: Revision and Update Lake Elsinore and Canyon Lake Nutrient TMDLs Status Report

TO: LESJWA Board of Directors

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

RECOMMENDATION

Staff recommends that the Board of Directors receive and file a status report from CDM Smith Inc. about the Revision and Update to the Elsinore and Canyon Lake Nutrient TMDLs.

DISCUSSION

On September 21, 2016, the members of the Lake Elsinore & Canyon Lake Nutrient TMDL Task Force (LE/CL Task Force) unanimously recommended the second in a series of Task Orders prepared by CDM Smith to continue the effort to revise and update the Lake Elsinore and Canyon Lake Nutrient TMDLs, as authorized by the LESJWA Board on December 17, 2015.

CDM Smith Task Order No.160-02 covers the period from October 1, 2016 through December 31, 2017, and takes into account the overall scope of work prepared to support Task Order No.CDM160-01. The second Task Order includes a scope of work and budget providing a detailed description of support services to be performed by the Consultant, as highlighted below:

- Task 1 – Prepare TMDL Technical Document chapters
 - Task 1.3 – Numeric Targets Chapter 3
 - Task 1.4 – Source Assessment Chapter 4
 - Task 1.5 – Linkage Analysis Chapter 5
 - Task 1.6 – WLAs and LAs Chapter 6
 - Task 1.7 – Implementation Plan Chapter 7
 - Task 1.8 – Monitoring Requirements Chapter 8
 - Task 1.9 – References Chapter 9
- Task 2 – Prepare Substitute Environmental Document (SED)
- Task 4 – Compilation of Administrative Record
- Task 6 – TMDL Task Force Meetings & Project Coordination

It is anticipated that the effort to revise and update the Lake Elsinore and Canyon Lake nutrient TMDLs will continue through 2020, including additional task orders, with the majority of the consultant work to be completed by June 2018.

Representatives from CDM Smith will provide an overview and status of the revision and update to the Lake Elsinore and Canyon Lake nutrient TMDL to date for the LESJWA Board.

BACKGROUND

In June of 2015, the LE/CL Task Force petitioned the Santa Ana Water Board to reopen and revise the Nutrient TMDLs based on the wealth of new information developed over the last 10 years. The Santa Ana Water Board agreed to make this effort a high priority as part of the recent Triennial Review (R8-2015-0085). As part of this agreement, the LE/CL Task Force has accepted responsibility to develop the documentation needed to update and amend the Nutrient TMDL for Canyon Lake and Lake Elsinore.

The reason for the TMDL update is to reflect the significant amount of new data that has developed since the LE/CL-TMDL first was enacted. This information has fundamentally transformed our understanding of how nutrient loading affects the lakes under both natural and undeveloped, and current land use conditions. The scientific studies commissioned by the Task Force have shown conclusively that many of the modeling assumptions used to develop the original TMDL were not accurate. Further, the land use has changed, regulatory policies and permits have been revised, and more specificity is needed to clarify compliance. The work by CDM Smith over the next three fiscal years will require significant scientific and regulatory justification for approval by the Santa Ana Regional Water Quality Control Board and EPA.

In October 2015, in response to a request for qualifications issued by LESJWA, the members of the Lake Elsinore and Canyon Lake Nutrient TMDL Task Force Technical Advisory Committee unanimously recommend the selection of CDM Smith to lead the effort to revise and update the Lake Elsinore and Canyon Lake nutrient TMDLs. CDM Smith was selected by a proposal technical review committee composed of task force agencies, based upon the consultant's substantial knowledge of the TMDLs and professional expertise of consultants assembled for their team.

On December 17, 2015, the LESJWA Board approved the selection of CDM Smith and authorized the first of a series of Task Orders with CDM Smith to revise and update the Lake Elsinore and Canyon Lake nutrient TMDLs.

RESOURCES IMPACT

All work associated with this revision and update is funded by the TMDL Task Force and is included in the Task Force and LESJWA's FY 2016-17 Budget. All staff contract administration time for this contract also has been funded by the TMDL Stakeholders.

MN/RW/dm

LESJWA BOARD MEMORANDUM NO. 802

DATE: December 15, 2016

SUBJECT: Canyon Lake Alum Application Agreement and Task Order

TO: Board of Directors

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

RECOMMENDATION

The Lake Elsinore & Canyon Lake Nutrient TMDL Task Force and LESJWA staff recommends that the Board of Directors approve Task Order No. AQUA160-02 with AquaTechnex, LLC for an amount not-to-exceed \$640,315 for three continuous years of semi-annual alum dosing in Canyon Lake with the option to extend two additional years.

DISCUSSION

In response to a request for proposals issued in October 2016, and on behalf of members of the Task Force, staff recommends AquaTechnex, LLC to continue to implement the Alum dosing in Canyon Lake to support the Lake Elsinore & Canyon Lake Nutrient Total Maximum Daily Load (TMDL).

The request for proposals was issued to the following eight firms, posted on the LESJWA and SAWPA websites, and shared with other lake management associations:

AquaTechnex, LLC
Arch Chemicals dba Marine Biochemists
South West Aquatics
Clean Lakes Inc.

HAB Aquatic Solutions
Environmental Research & Design
Diversified Waterscapes, Inc.
General Chemical Corporation

Two proposals were received from the solicitation: AquaTechnex LLC, and Arch Chemicals dba Marine Biochemists. An assessment of the proposals by LESJWA staff revealed a significant difference in the proposed budgets provided by the firms to implement the project, with the costs proposed by AquaTechnex, LLC being essentially half the costs proposed by Marine Biochemists (Exhibit B).

Based upon the costs to conduct the work laid out in their proposal, the consultant's approach to the tasks, and technical expertise, as well as the Task Force's previous experience in working with AquaTechnex LLC, staff recommends the AquaTechnex LLC be selected to conduct the work.

The task order with AquaTechnex LLC will be to implement Alum Dosing in Canyon Lake to support the Lake Elsinore & Canyon Lake Nutrient TMDL. Included with the task order is a scope of work and budget providing a detailed description of support services to be performed by the consultant, AquaTechnex LLC.

The proposed work includes six alum application events as follows: February 2017, September 2017, February 2018, September 2018, February 2019, and September 2019. In addition, the work includes an option to continue two additional years (four additional application events). This schedule may be modified based on the input of the Canyon Lake Alum Treatment Technical Advisory Committee and LESJWA Board direction.

BACKGROUND

In August 2013, LESJWA, working on behalf of stakeholders of the Lake Elsinore and Canyon Lake TMDL Task Force initiated Phase 1 of a program to apply alum to treat the lake by removing nutrients (namely phosphorus) that contribute to algal blooms. This included approval by the LESJWA Board of a Task Order with AquaTechnex to conduct five applications of alum to Canyon Lake from Sept. 2013- May 2016.

Phase 1 of this program, funded in part by a California Department of Water Resources Proposition 84 grant, continued through September 2016 and entailed seven semi-annual applications to Canyon Lake. Preliminary analysis of the results of these alum applications (September 2013 through May 2016) included in the Compliance Assessment with the 2015 Interim Response Targets for LE/CL TMDL submitted to the Regional Board on June 30, 2016, show that phosphorus concentrations are consistently at or below 0.1 mg/L - a final TMDL target the stakeholders are not required to meet until 2020.

RESOURCES IMPACT

All staff administration time for the RFP and proposal evaluation as well as the alum application was included under the FY 16-17 LE/CL TMDL Task Force budget that also is shown in the LESJWA budget.

MN:dm

Attachments:

1. Agreement for Services
2. Task Order No. AQUA160-02
3. Exhibit B - Comparison of Proposal Costs

AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT

THIS AGREEMENT is made this 15th day of December, 2016 by and between the **Lake Elsinore & San Jacinto Watersheds Authority (LESJWA)** whose address is 11615 Sterling Avenue, Riverside, Calif. 92503, and **AquaTechnex, LLC ("Consultant")** whose address is P.O. Box 30824 Bellingham, WA 98228 .

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties to this Agreement:

A. LESJWA desires to engage the professional services of Consultant to perform such professional consulting services as may be assigned, from time to time, by LESJWA in writing.

B. Consultant agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement and has represented and warrants to LESJWA that Consultant possesses the necessary skills, qualifications, personnel, and equipment to provide such services.

C. The services to be performed by Consultant shall be specifically described in one or more written Task Orders issued by LESJWA to Consultant pursuant to this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, LESJWA and Consultant agree as follows:

ARTICLE I **TERM OF AGREEMENT**

1.01 Term of Agreement. This agreement shall become effective on the date first above written and shall continue until **December 31, 2021**, unless extended or sooner terminated as provided for herein.

ARTICLE II **SERVICES TO BE PERFORMED**

2.01 Consultant agrees to provide such professional consulting services as may be assigned, from time to time, in writing by the Board and the Authority Administrator of LESJWA. Each such assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by Consultant, the amount of compensation to be paid, and the expected time of completion.

2.02 Consultant may, at Consultant's sole cost and expense, employ such competent and qualified independent professional associates, subcontractors, and consultants as Consultant deems necessary to perform each such assignment; provided, however, that Consultant shall not subcontract any of the work to be performed without the prior written consent of LESJWA.

ARTICLE III **COMPENSATION**

3.01 In consideration for the services to be performed by Consultant, LESJWA agrees to pay Consultant as provided for in each Task Order.

3.02 Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon the regular hourly rates customarily charged by Consultant to its clients, as set forth on an exhibit to be attached to each Task Order issued to Consultant.

3.03 Consultant shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the Board of Directors and Authority Administrator of LESJWA, in writing.

3.04 Unless otherwise provided for in any Task Order issued pursuant to this Agreement, payment of compensation earned shall be made in monthly installments after receipt from Consultant of a timely, detailed, corrected, written invoice by LESJWA's Project Manager, describing, without limitation, the services performed, the time spent performing such services, the hourly rate charged therefore, and the identity of individuals performing such services for the benefit of LESJWA. Such invoices shall also include a detailed itemization of expenses incurred. Upon approval by an authorized SAWPA employee, SAWPA will pay within 30 days after receipt of a valid invoice from Consultant.

ARTICLE IV **OBLIGATIONS OF CONSULTANT**

4.01 Consultant agrees to perform all assigned services in accordance with the terms and conditions of this Agreement and those specified in each Task Order.

4.02 Except as otherwise provided for in each Task Order, Consultant will supply all personnel and equipment required to perform the assigned services.

4.03 Consultant shall be solely responsible for the health and safety of its employees and agents in performing the services assigned by LESJWA. Consultant hereby covenants and agrees to:

- a. Obtain a comprehensive general liability and automobile insurance policy, including contractual coverage, with combined single limits for bodily injury and property damage in an amount of not less than \$1,000,000.00. Such policy shall name LESJWA, and any other interested and related party designated by LESJWA, as an additional insured, with any right to subrogation waived as to LESJWA and such designated interested and related party;
- b. Obtain a policy of professional liability insurance in a minimum amount of \$1,000,000.00 per claim or occurrence to cover any negligent acts or omissions committed by Consultant, its employees and/or agents in the performance of any services for LESJWA;
- c. Comply with all local, state and federal laws, rules and regulations;
- d. Provide worker's compensation insurance or a California Department of Insurance-approved self-insurance program in an amount and form that meets all applicable Labor Code requirements, covering all persons or entities providing services on behalf of the Consultant's and all risks to such persons or entities.
- e. Consultant shall require any subcontractor that Consultant uses for work performed for LESJWA under this Agreement or related Task Order to obtain the insurance coverages specified above.
- f. Consultant hereby agrees to waive subrogation which any insurer of Consultant may seek to require from Consultant by virtue of the payment of any loss. Consultant shall obtain an endorsement that may be necessary to give effect to this waiver of subrogation. In addition, the Workers Compensation policy shall be endorsed with a waiver of subrogation in favor of LESJWA for all work performed by Consultant, and its employees, agents and subcontractors.

All such insurance policy or policies shall be issued by a responsible insurance company with a minimum A. M. Best Rating of "A-" Financial Category "X", and authorized and admitted to do business in, and regulated by, the State of California. If the insurance company is not admitted in the State of California, it must be on the List of Eligible Surplus Line Insurers (LESLI), shall have a minimum A.M. Best Rating of "A", Financial Category "X", and shall be domiciled in the United States, unless otherwise approved by LESJWA in writing. Each such policy of insurance shall expressly provide that it shall be primary and noncontributory with any policies carried by LESJWA and, to the extent obtainable, such coverage shall be payable notwithstanding any act of negligence of LESJWA that might otherwise result in forfeiture of coverage. Evidence of all insurance coverage shall be provided to LESJWA prior to issuance of the first Task Order. Such policies shall provide that they shall not be canceled or amended without 30 day prior written notice to LESJWA. Consultant acknowledges and agrees that such insurance is in addition to Consultant's obligation to fully indemnify and hold LESJWA free and harmless from and against any and all claims arising out of an injury or damage to property or persons caused by the negligence, recklessness, or willful misconduct of Consultant in performing services assigned by LESJWA.

4.04 Consultant hereby covenants and agrees that LESJWA, its officers, employees, and agents shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injury or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligent act or omission of Consultant. Further, Consultant hereby covenants and agrees to fully indemnify and save LESJWA, its agents, officers and employees, free and harmless from and against any and all of the foregoing liabilities or claims of any kind, and shall reimburse LESJWA for all costs or expenses that LESJWA incurs (including attorneys' fees) on account of any of the foregoing liabilities, including liabilities or claims made by reason of defects in the performance of consulting services pursuant to this Agreement, unless the liability or claim is proximately caused by LESJWA's negligent act or omission.

4.05 In the event that LESJWA requests that specific employees or agents of Consultant supervise or otherwise perform the services specified in each Task Order, Consultant shall ensure that such individual (or individuals) shall be appointed and assigned the responsibility of performing the services.

4.06 In the event Consultant is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished with a registered professional engineer's number and shall conform to local, state and federal laws, rules and regulations. Consultant shall obtain all necessary permits and approvals in connection with this Agreement, any Task Order or Change Order. However, in the event LESJWA is required to obtain such an approval or permit from another governmental entity, Consultant shall provide all necessary supporting documents to be filed with such entity, and shall facilitate the acquisition of such approval or permit.

ARTICLE V

OBLIGATIONS OF LESJWA

5.01 LESJWA shall

- a. Furnish all existing studies, reports and other available data pertinent to each Task Order that are in LESJWA's possession;
- b. Designate a person to act as liaison between Consultant and the Authority Administrator and Board of Directors of LESJWA.

ARTICLE VI

ADDITIONAL SERVICES, CHANGES AND DELETIONS

6.01 During the term of this Agreement, the Board of Directors of LESJWA may, from time to time and without affecting the validity of this Agreement or any Task Order issued pursuant thereto, order changes, deletions, and additional services by the issuance of written Change Orders authorized and approved by the Board of Directors of LESJWA.

6.02 In the event Consultant performs additional or different services than those described in any Task Order or authorized Change Order without the prior written approval of the Board of LESJWA, Consultant shall not be compensated for such services.

6.03 Consultant shall promptly advise LESJWA as soon as reasonably practicable upon gaining knowledge of a condition, event, or accumulation of events, which may affect the scope and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions, and/or requests for additional services shall be reduced to writing for review and approval or rejection by the Board of Directors of LESJWA.

6.04 In the event that LESJWA orders services deleted or reduced, compensation shall be deleted or reduced by a comparable amount as determined by LESJWA and Consultant shall only be compensated for services actually performed. In the event additional services are properly authorized, payment for the same shall be made as provided in Article III above.

ARTICLE VII
CONSTRUCTION PROJECTS:
CHANGE ORDERS FOR CONSTRUCTION CONSULTANT

7.01 In the event LESJWA authorizes Consultant to perform construction management services for LESJWA, Consultant may determine, in the course of providing such services, that a Change Order should be issued to the construction contractor, or Consultant may receive a request for a Change Order from the construction contractor. Consultant shall, upon receipt of any requested Change Order or upon gaining knowledge of any condition, event, or accumulation of events, which may necessitate issuing a Change Order to the construction contractor, promptly consult with the liaison, Authority Administrator and Board of LESJWA. No Change Order shall be issued or executed without the prior approval of the Board of Directors of LESJWA.

ARTICLE VIII
TERMINATION OF AGREEMENT

8.01 In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order, and thereupon this Agreement shall automatically terminate without further notice.

8.02 Notwithstanding any other provision of this Agreement, LESJWA, at its sole option, may terminate this Agreement at any time by giving 10 day written notice to Consultant, whether or not a Task Order has been issued to Consultant.

8.03 In the event of termination, the payment of monies due Consultant for work performed prior to the effective date of such termination shall be paid after receipt of an invoice as provided in this Agreement.

ARTICLE IX
STATUS OF CONSULTANT

9.01 Consultant shall perform the services assigned by LESJWA in Consultant's own way as an independent contractor, and in pursuit of Consultant's independent calling, and not as an employee of LESJWA. Consultant shall be under the control of LESJWA only as to the result to be accomplished and the personnel assigned to perform services. However, Consultant shall regularly confer with LESJWA's liaison, Authority Administrator, and Board of Directors as provided for in this Agreement.

9.02 Consultant hereby specifically represents and warrants to LESJWA that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional consulting organization rendering the same or similar services. Further, Consultant represents and warrants that the individual signing this Agreement on behalf of Consultant has the full authority to bind Consultant to this Agreement.

ARTICLE X
AUDIT; OWNERSHIP OF DOCUMENTS

10.01 All draft and final reports, plans, drawings, specifications, data, notes, and all other documents of any kind or nature prepared or developed by Consultant in connection with the performance of services assigned to it by LESJWA are the sole property of LESJWA, and Consultant shall promptly deliver all such materials to LESJWA. Consultant may retain copies of the original documents, at its option and expense.

10.02 Consultant shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records, and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as LESJWA may deem necessary, Consultant shall make available to LESJWA's agents for examination of all such records and will permit LESJWA's to audit, examine and reproduce such records.

ARTICLE XI
MISCELLANEOUS PROVISIONS

11.01 This Agreement supersedes all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by Consultant for LESJWA and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

11.02 Consultant shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of LESJWA. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

11.03 In the event Consultant is an individual person, and Consultant dies prior to completion of this Agreement or any Task Order issued hereunder, any monies earned that may be due Consultant from LESJWA as of the date of death will be paid to Consultant's estate.

11.04 Time is of the essence in the performance of services required hereunder. Extensions of time within which to perform services may be granted by LESJWA if requested by Consultant and agreed to in writing by LESJWA. All such requests must be documented and substantiated and will only be granted as the result of unforeseeable and unavoidable delays not caused by the lack of foresight on the part of Consultant.

11.05 Consultant shall comply with all local, state and federal laws, rules and regulations including those regarding nondiscrimination and the payment of prevailing wages.

11.06 LESJWA expects that Consultant will devote its full energies, interest, abilities and productive time to the performance of its duties and obligations under Agreement, and shall not engage in any other consulting activity that would interfere with the performance of Consultant's duties under this Agreement or create any conflicts of interest. If required by law, Consultant shall file Conflict of Interest Statements with LESJWA.

11.07 Any dispute which may arise by and between LESJWA and the Consultant, including the Consultant's associates, subcontractor or other consultants, shall be submitted to binding arbitration. Arbitration shall be conducted by the Judicial Arbitration and Mediation Service, Inc., or its successor, or any other neutral, impartial arbitration service that the parties mutually agree upon, in accordance with its rules in effect at the time of the commencement of the arbitration proceeding, and as set forth in this paragraph. The arbitrator must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. The arbitrator's decision and award are subject to judicial review by a Superior Court of competent venue and jurisdiction only for material errors of fact or law in accordance with Section 1296 of the Code of Civil Procedure. Limited discovery may be permitted upon a showing of good cause and approved by the assigned arbitrator. Unless the parties stipulate to the contrary, prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation, conducted by the Judicial Arbitration and Mediation Services, Inc., or its successor, or any other neutral, impartial mediation service that the parties mutually agree upon, in accordance with their rules and procedures for such mediation.

11.08 During the performance of the Agreement, Consultant, and its subcontractors, shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Consultant, and its subcontractors, shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant, and its subcontractors, shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12290 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 et seq., set forth in Chapter 5 of Division 4 of

Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Consultant, and its subcontractors, shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Consultant shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

IN WITNESS WHEREOF, the parties hereby have made and executed this *Agreement for Services* as of the day and year first above-written.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

By _____
Robert Magee, LESJWA Chair Date _____

AQUATECHNEX, LLC

By _____ Date _____

_____ Print/Type Name

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

TASK ORDER NO. AQUA160-02

CONSULTANT: AquaTechnex, LLC
P.O. Box 4193
Palm Desert, CA 92261

VENDOR NO. 1727

COST: Not-to-exceed \$640,315

PAYMENT: Upon proper invoice

REQUESTED BY: Rick Whetsel, Senior Watershed Planner

December 15, 2016

FINANCE: _____
Karen Williams, CFO Date

FINANCING SOURCE: Acct. Coding: 160-TMDL-6113-01
Acct. Description Consulting General

BOARD AUTHORIZATION REQUIRED: YES (X) NO ()

Funding for this work was authorized 12-15-16; ref Board Memo LES802.

This Task Order is issued upon approval and acceptance by the Lake Elsinore & San Jacinto Watersheds Authority (hereafter "LESJWA") to **AquaTechnex, LLC** (hereafter "Consultant") pursuant to the Agreement between LESJWA and Consultant entitled *Agreement for Services*, dated December 15, 2016 (expires 12-31-2021).

I. PROJECT NAME OR DESCRIPTION

Canyon Lake Alum Treatment Project

II. SCOPE OF WORK / TASKS TO BE PERFORMED

Consultant shall implement Alum Dosing in Canyon Lake to support the Lake Elsinore & Canyon Lake Nutrient TMDL. The project includes the Coordination Meetings to develop treatment and safety plans. This includes up to five Alum Treatments and the preparation of a Final Project Report.

Consultant shall provide all labor, materials and equipment for the Project to perform the specific tasks as thoroughly described in Attachment A.

Please refer to Appendix X for acceptable formats

III. PERFORMANCE TIME FRAME

Consultant shall begin work within five days of the date this Task Order is signed by the Authorized Officer and shall complete performance of such services by or before **December 31, 2019**.

IV. LESJWA LIASION

Rick Whetsel and/or Mark Norton shall serve as liaison between LESJWA and Consultant.

V. COMPENSATION

For all services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **\$640,315** in accordance with the Schedule of Rates. Payment for such services shall be made monthly upon receipt of proper invoices from Consultant, as required by the above-mentioned Agreement. Each such invoice shall be provided to LESJWA by Consultant within 15 days after the end of the month in which the services were performed.

VI. CONTRACT DOCUMENTS PRECEDENCE

In the event of a conflict in terms between and among the contract documents herein, the document item highest in precedence shall control. The precedence shall be:

- a. The Agreement for Services by Independent Consultant/Contractor.
- b. The Task Order or Orders issued pursuant to the Agreement, in numerical order.
- c. Exhibits attached to each Task Order, which may describe, among other things, the Scope of Work and compensation therefore.
- d. Specifications incorporated by reference.
- e. Drawings incorporated by reference.

In witness whereof, the parties have executed this Task Order on the date indicated below.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

Robert Magee, LESJWA Chair Date

AQUATECHNEX, LLC

(Signature) Date

Print or Type Name

ATTACHMENT A

Proposed scope of work

Our first step would be to organize meetings with the key agency staff responsible for managing our contract and operations. While we have worked with LESJWA for a number of years through the Bluewater Satellite and initial Canyon Lake Alum Treatment program, this is still a key step at start up.

Our team would perform a pre application planning process utilizing the Afterburner Flawless Execution Model. This planning process identifies and clarifies the goals of the project, analyzes all threats to effective completion of the mission and allows for planning to mitigate for them, identifies all resources necessary to complete the mission, reviews lessons learned from previous experiences with respect to this mission, build the operation plan and task list and plans for contingencies. This process is very effective and insures all aspects of the mission are defined, assigned and potential obstacles to completion are identified and solved. As we have performed this work for a number of years, we use the Debriefing methods they define at the end of each treatment to document what worked well, what challenges we faced and develop solutions for any problems that develop for consideration in the next application.

Our team would develop a safety plan that addresses the needs of this project. This would take into account the requirements of the Canyon Lake Property Owners Association, material handling safety, spill prevention and equipment to mitigate spill, local resources for medical and emergency support and all other components necessary to complete this project with safety for the HOA residents, the environment and our team of applicators. The project work we have performed to date have been very effective and we would incorporate the lessons learned in this effort.

Alum treatments on the water need to be calibrated for water depth, speed of the application vessel, swath width and a number of other factors. We utilize ArcGIS to develop treatment map shapefiles, these files are uploaded into RAVEN Cruzier II precision application guidance systems on our treatment vessels. These systems display the treatment paths the vessel should track to, the flow rate of Alum based on water volume under the boat, record acres treated and display steering information to the vessel operator to insure complete coverage and overlap of the treatment paths. This programing is performed, examined, made part of the operational plan and uploaded to the treatment boat guidance systems.



RAVEN Precision Application Management Systems are used on all of our application equipment to help insure complete coverage on the water and dosing based on water volume under the boat

Our next step would be to mobilize equipment to the lake and stage it for alum application. We would also purchase and schedule delivery of Alum to the project site. We work Eco-Services as the primary supplier of Alum. We feel they are the best provider of water treatment plant grade Alum in Southern California. They do an excellent job of supporting lake treatment operations in terms of on time delivery and scheduling of tank trucks. Their drivers do an excellent job of working around urban lakes, the tight spaces that they have to access to get to the water and staging deliver to our treatment vessels. We have found that using the right mix of application vessels, we do not have to stage storage tanks that increase the project footprint on Canyon Lake POA property. This approach also means we only have to move the alum once, from Truck to boat instead of from Truck to tank to boat and that lowers the probability of a spill event dramatically.

The key to getting Alum into the lake at this volume rapidly and with minimal disruption to lake users is staging the shore side operations strategically around the lake margins. The POA has provided access to a number of locations where park facilities would allow a truck to nurse our treatment vessels. Our plan would be to operate from the sites we have effectively used in the past five applications.

We would operate two to three treatment vessels on the lake to perform this work. The primary work will be performed using 30 foot Chinook Treatment Barge with a 150 hp engine. A second boat would be a 18 foot system with 700 gallon capacity that can support both open water and cove treatments. A third boat (if necessary) would be equipped with a handling tank for Alum and a hose application system that can discharge material up to 60 feet from the boat. This system with trained operators can place alum throughout the fingers on this lake in and around tight spaces such as boat docks and moored vessels. All of these boats will be equipped with GPS/GIS precision guidance systems.



We have a fleet of application vessels for larger open water application of alum. These two vessels can move 8,000 pound on the water, perform precision application and move back quickly to the access site to reload. We can process on tank truck of alum in approximately two-three hours under most conditions.

Each of our boats are equipped with Insitu SmarTROLL multi parameter water quality monitoring probes and software. This equipment can be used to measure real time key parameters such as pH and

dissolved oxygen and collect profiles. It is assumed that the Agency may also be involved in monitoring these parameters, we can support that effort and keep track of this data real time as we apply Alum.

The Precision Application equipment we utilize generates reports that document treatment tracks, volume applied and acres treated. This information will be downloaded each day and used to develop a final report. It can also be made available to the contract administrator at any point during the project mission.



Fanjet application technology allows us to apply Aluminum Sulfate across a 40 foot swath per pass to effectively speed up application on the water and reduce the time necessary to be onsite while obtaining excellent coverage.



Aquatechnex biologists applying Aluminum Sulfate with a system that allows for working in tight spaces such as the fingers on the East Arm.

This system with a good operator can reach inside and between dock slips and around moored boats very effectively and this will be key in areas where these conditions occur. A traditional boom injection system cannot maneuver in tight spaces and evenly apply Alum or other products.

We work doing applications around high value watercraft every day and are extremely experienced with both accurate application and no impacts to those vessels.

The last step at the lake would be to bring the sites used back to pretreatment conditions. The team would attempt to insure that no impact to facilities provided by the POA would be affected. The

management team would conduct a detailed survey of conditions prior to use and post treatment, anything of concern would then be addressed.

Our team would then demobilize from the lake and be available for the next scheduled treatment in the contracted mission.

We would develop a final report that documented all operations, any observations or lessons learned that would help future treatments on this lake and deliver that to the Agency. We would also be available to meet with the agency at any point there is a need or concern. We are also available to participate in presentations to the public as the Agency deems our support in that role helpful.

Detailed Project Schedule

The exact dates for application are not known, however we can provide the following as a detailed project schedule.

| Task | Schedule |
|--|---|
| Preliminary meeting with Agency | Within two weeks of contract award Agency staff schedule permitting |
| Development of treatment and safety plans | Within four weeks of contract award |
| Mobilization for February (Spring) Treatment | Once dates of proposed treatment are provided to our team, we can mobilize within one week. |
| Treatment in Spring each year of contract period | Our team would perform this treatment within a one week period including mobilization and demob from the Lake with the specified alum volume |
| Demobilize from Spring treatment | We can be demobilized from the site within 24 hours of completion of treatment. |
| Report to LESJWA as necessary | We can generate and deliver the final report within two weeks of treatment completion |
| Mobilize for September Treatments | Within one week of notice to proceed |
| Treatment in September each year of contract period | Our team would perform this treatment within a one week period including mobilization and demob from the lake with the specified alum volume. |
| Demobilization | We can be clear of this site within 24 hours of treatment completion |
| Report to LESJWA as necessary | Within 2 weeks of treatment completion |
| Other communications or meeting | We can generally accommodate necessary meeting as attendance is requested within 2-4 days. |

Fee Proposal

Based on the scope of work and the specified amounts of Alum to be applied to the lake our fee proposal would be as follows.

| Task | Unit Costs | Estimated Total Cost |
|--|--|---|
| Task 1, preliminary meeting | Time and materials | \$500.00 |
| Task 2, develop treatment plan for both Fall and Spring application events | Time and materials | \$500.00 |
| Task 3, Safety Planning | Time and Materials | \$0.00 |
| Task 4, GIS mapping and Application System Programing | Time and materials | \$500.00 |
| Task 5a, mobilize for Spring (February) treatment | Time and materials | \$1,000.00 |
| Task 5b, secure and receive specified gallons for application | Alum pricing | \$1.11 per gallon or \$64,425.51 for 58,041 gallons |
| Task 5c apply specified gallons to Main Lake, North Arm, East Arm | Lump sum | \$23,500.00 |
| Task 5d, demobilize from Canyon lake | Time and materials | \$500.00 |
| Task 6a, mobilize for September treatment | Time and materials | \$1,000.00 |
| Task 6b, secure and deliver specified gallons of alum | Alum Pricing | \$1.11 per gallon or \$84,360.00 for 76,000 gallons |
| Task 6c apply specified gallons alum | Lump sum | \$25,500.00 |
| Task 6d, demobilize from Canyon Lake | Time and materials | \$500.00 |
| Final Report and meetings | Time and materials | \$750.00 |
| Other tasks as necessary | Time and materials | |
| Estimated Total per year | | \$202,535.51 |
| It should be noted that the previous contract did not include the North Arm when proposal was submitted. | Alum is a commodity and pricing may be variable over the years of this contract. If there is a significant increase in costs we will communicate this to LESJWA and request consideration. Pricing remained stable over the previous contract period | |

Hourly Billing Rates

The following hourly billing rates are generally used by Aquatechnex to support our work

| Position | Hourly Rate |
|---------------------|-------------|
| Senior Scientist | \$120.00 |
| Project Manager | \$95.00 |
| GIS Specialist | \$75.00 |
| Licensed Applicator | \$75.00 |
| Support Staff | \$65.00 |

Thank you for your consideration, if questions develop please contact Terry McNabb (tmcnabb@aquatechnex.com) or Ian Cormican (cody@aquatechnex.com)



Aquatechnex biologists applying Alum on Canyon Lake, September of 2013.

Comparison of Proposal Costs

| | |
|-------------------------------|-----------------|
| Aquatechnex | estimate |
| Labor | \$49,000 |
| Spring Application (Lump sum) | \$23,500 |
| Summer Application (Lump sum) | \$25,500 |
| | |

| | |
|--|----------------|
| Mobilization - deMobilization | \$3,000 |
| Spring Mobilization (time & materials) | \$1,000 |
| Spring deMobilization (time & materials) | \$500 |
| Summer Mobilization (time & materials) | \$1,000 |
| Summer deMobilization (time & materials) | \$500 |

| | |
|---|------------------|
| Liquid Alum (Secure and Receive) | \$160,688 |
| Spring Application (Alum pricing) | \$64,426 |
| (1.11 per gallon for 58,041 gallons) | |
| Taxes (8%) | \$5,154 |
| Summer Application (Alum pricing) | \$84,360 |
| (1.11 per gallon for 76,000 gallons) | |
| Taxes (8%) | \$6,749 |

| | |
|-----------------|------------|
| Safety | \$0 |
| Safety Planning | \$0 |

| | |
|---|----------------|
| Other Costs | \$2,250 |
| Preliminary meeting | \$500 |
| Develop treatment plan | \$500 |
| GIS mapping & Application System Programing | \$500 |
| Final Report and meetings | \$750 |

| | |
|--------------------------------------|------------------|
| Annual Costs (Estimated) | \$212,688 |
| Total Costs (4 year Estimate) | \$853,003 |

Hourly Billing Rates

| | |
|---------------------|-------------|
| Position | Hourly Rate |
| Senior Scientist | \$120 |
| Project Manager | \$95 |
| GIS Specialist | \$75 |
| Licensed Applicator | \$75 |
| Support Staff | \$65 |

| | | |
|---|---------------------|----------------------|
| Marine Biochemists | low estimate | high estimate |
| Labor (estimated) | \$85,040 | \$102,160 |
| Spring Application (5-6 days) | \$34,240 | \$42,800 |
| Summer Application (4-5 days) | \$42,800 | \$51,360 |
| Miscellaneous (\$800 per application day) | \$8,000 | \$8,000 |

| | | |
|--------------------------------------|----------------|----------------|
| Mobilization - deMobilization | \$7,000 | \$7,000 |
| Spring Mobilization/Demobilization | \$3,500 | \$3,500 |
| Summer Mobilization/Demobilization | \$3,500 | \$3,500 |
| | | |
| | | |

| | | |
|---|------------------|------------------|
| Liquid Alum (Secure and Receive) | \$379,282 | \$493,646 |
| Spring Application (Alum pricing) | \$152,067 | \$197,920 |
| (2.62-3.41 per gallon for 58,041 gallons) | | |
| Taxes (8%) | \$12,165 | \$15,834 |
| Summer Application (Alum pricing) | \$199,120 | \$259,160 |
| (2.62-3.41 per gallon for 76,000 gallons) | | |
| Taxes (8%) | \$15,930 | \$20,733 |

| | | |
|---|----------------|----------------|
| Safety | \$1,400 | \$1,400 |
| Safety Expense (\$ 700 – per Event Application) | \$1,400.00 | \$1,400.00 |

| | | |
|--|-----------------|-----------------|
| Other Costs | \$34,000 | \$34,000 |
| Original mobilization (one time only) | \$33,000 | \$33,000 |
| Develop treatment plan | -na- | -na- |
| GIS mapping & Application System Programing | -na- | -na- |
| Reporting (\$ 125 per hr. – per Event Application) | \$1,000 | \$1,000 |

| | | |
|---------------------------------|--------------------|--------------------|
| Annual Costs (Estimated) | \$472,722 | \$604,206 |
| Total Costs (Estimated) | \$1,924,890 | \$2,450,825 |

Hourly Billing Rates

| | |
|---------------------------------------|-------------|
| Position | Hourly Rate |
| Project Supervisor/lead boat operator | \$220 |
| Boat operators (3 men per boat) | \$200 |
| Shoreline Support (2 men) | \$125 |
| | |
| | |

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LESJWA BOARD MEMORANDUM NO. 803

DATE: December 15, 2016

SUBJECT: LESJWA Education and Outreach Support 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 a status report about LESJWA Education and Outreach.

BACKGROUND

Over the past six months, LESJWA's Consultant, DeGrave Communications has conducted education and outreach regarding Lake Elsinore and Canyon Lake water quality conditions and LESJWA efforts to help improve water quality. Last year DeGrave Communications was hired based on an open and competitive selection process.

Currently, under a three year contract, periodic updates are provided to the LESJWA Board on the status of the work. Liselle DeGrave of DeGrave Communications will provide an overview of her work with LESJWA staff and the LESJWA Education and Outreach Committee over the six month period, and the planned activities for the remainder of the fiscal year.

RESOURCES IMPACT

The LESJWA Education and Outreach work by consultant, DeGrave Communications is funded by a budgeted task order for FY 2016-17 in the amount not-to-exceed \$20,000 per year through fiscal year 2017-18.

MN:dm

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LESJWA BOARD MEMORANDUM NO. 804

DATE: December 15, 2016

SUBJECT: Report on Audit for Fiscal Year Ending June 30, 2016

TO: LESJWA Board of Directors

FROM: Karen Williams, Chief Financial Officer

RECOMMENDATION

Staff recommends that the Board of Directors receive and file the FY 2015-16 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 2015-16 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 has received State (SWRCB) grant funding, 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 that 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, 2016.

RESOURCES IMPACT

None.

KW:dm

Attachments:

1. LESJWA Management Report
2. LESJWA Annual Financial Report

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

We have audited the financial statements of the governmental activities and major fund of the Lake Elsinore & San Jacinto Watersheds Authority (the Authority) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter on planning matters dated May 20, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As discussed in Note 1d to the financial statements, in fiscal year 2015-2016, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the Authority to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Authority's financial statements as a result of the implementation of GASB Statement No. 72. No other accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimate affecting the Authority's financial statements is management's estimate of the fair value of investments, which is based on information provided by the California State Treasurer's Office. We evaluated the key factors and assumptions used to develop this estimate in determining that it was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was reported in Note 4 regarding the Authority's related party transactions with Santa Ana Watershed Project Authority.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 2, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Audit Findings (Continued)

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedule, which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the organization information that accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

White Nelson Dickel Evans LLP

Irvine, California
November 2, 2016

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, 2016

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, 2016

| <u>Representing</u> | <u>Name</u> | <u>Title</u> | <u>Appointment</u> |
|--|------------------|--------------|--------------------|
| City of Lake Elsinore | Robert E. Magee | Chair | April 2010 |
| Santa Ana Watershed Project Authority | Brenda Dennstedt | Vice Chair | June 2015 |
| Elsinore Valley Municipal Water District | Phil Williams | Treasurer | February 2001 |
| City of Canyon Lake | Vicki Warren | Director | February 2015 |
| 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, 2016

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

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For the fiscal year ended June 30, 2016

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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, 2016, 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.

Opinions

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, 2016, 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.

OTHER MATTERS:

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does 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 statements for the year ended June 30, 2015, from which such partial information was derived.

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, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the 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 RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 2, 2016, 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 Nick Evans LLP

Irvine, California
November 2, 2016

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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.

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 - 29 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 \$497,764 at June 30, 2016.

Net Position

| | 2016 | 2015 | 2014 |
|---------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Current and Other Assets | \$ 577,697 | \$ 840,261 | \$ 490,644 |
| Total Assets | 577,697 | 840,261 | 490,644 |
| Liabilities | | | |
| Current Liabilities | 79,933 | 101,390 | 36,643 |
| Total Liabilities | 79,933 | 101,390 | 36,643 |
| Net Position | | | |
| Unrestricted | 497,764 | 738,871 | 454,001 |
| Total Net Position | \$ 497,764 | \$ 738,871 | \$ 454,001 |

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

- The \$262,564 decrease in current assets is due to a decrease in cash and investments. Cash decreased because a portion of the Proposition 84 grant was received in FYE 2015 which increased cash for that year and left a fund balance in the TMDL Task Force. Those funds were used for additional work required when increasing the consultants support efforts for the TMDL Task Force, resulting in a decrease in cash.
- The \$21,457 decrease in liabilities is due to a decrease in accounts payable and related party payables. Invoices were received on time for work conducted and were paid prior to year-end close.

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.

Invested in Capital Assets

At June 30, 2016, the Authority did not have any net investment in capital assets.

Restricted

At June 30, 2016, the Authority did not have any restricted net position.

Unrestricted

At June 30, 2016, the Authority had unrestricted net position of \$497,764.

Change in Net Position

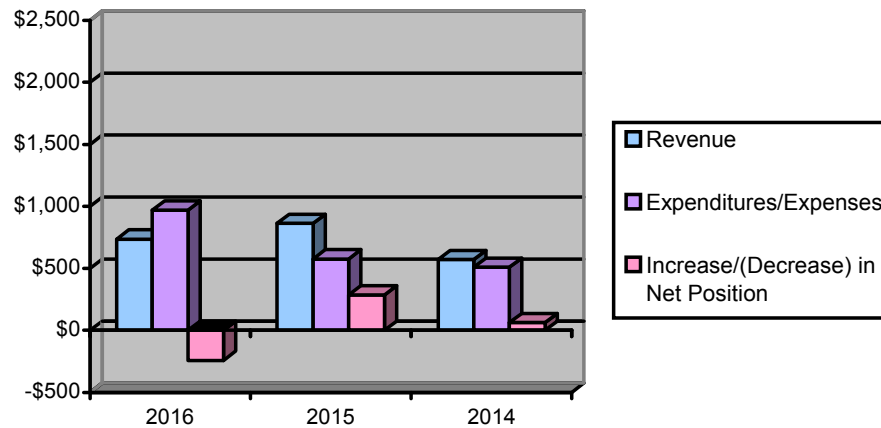
Overall, the fiscal year ending June 30, 2016, resulted in a decrease in net position of \$241,107, a \$525,977 decrease from the previous year. The budget included the use of reserves to fund JPA operations.

Changes in Net Position

| Item Category | 2016 | 2015 | 2014 |
|----------------------------|-------------------|-------------------|-------------------|
| | Amount | Amount | Amount |
| Program Revenues | \$ 623,910 | \$ 760,325 | \$ 519,698 |
| General Revenues | 103,428 | 101,415 | 51,069 |
| Total Revenues | 727,338 | 861,740 | 570,767 |
| Total Expenses | 968,445 | 576,870 | 509,167 |
| Change in Net Position | (241,107) | 284,870 | 61,600 |
| Extraordinary Item | 0 | 0 | 0 |
| Beginning Net Position | 738,871 | 454,001 | 392,401 |
| Ending Net Position | \$ 497,764 | \$ 738,871 | \$ 454,001 |

Management's Discussion and Analysis

Decrease in Net Position (In thousands)



Revenues

Combined revenues for the fiscal year totaled \$727,338 a decrease of \$134,402, or 15.6%, less than the prior fiscal year. The following table presents a comparison of revenues by category for the fiscal years 2016, 2015, and 2014.

Revenues – Government Wide

| Revenue Category | 2016 | | 2015 | | 2014 | |
|------------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Capital and Operating Grants | \$ 623,910 | 85.78% | \$ 760,325 | 88.24% | \$ 519,698 | 91.05% |
| Member Contributions | 100,000 | 13.75% | 100,000 | 11.60% | 50,000 | 8.76% |
| Interest Earnings | 3,428 | 0.47% | 1,415 | 0.16% | 1,069 | 0.19% |
| Total Revenues | \$ 727,338 | 100.00% | \$ 861,740 | 100.00% | \$ 570,767 | 100.00% |

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

- The \$136,415 decrease in capital and operating grants is due to a portion of the Proposition 84 grant was received in FYE 2015 instead of FYE 2016.

Management's Discussion and Analysis

Expenses

Combined expenditures for the fiscal year totaled \$968,445, an increase of \$391,575, or 67.9%, more than the prior fiscal year. The following table presents a comparison of expenditures by category for the fiscal years 2016, 2015, and 2014.

Expenses – Government Wide

| Expense Category | 2016 | | 2015 | | 2014 | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Administrative | \$ 196,538 | 20.29% | \$ 207,099 | 35.90% | \$ 164,902 | 32.39% |
| Contract Labor | 306 | 0.03% | 1,313 | 0.23% | 1,225 | 0.24% |
| Consulting | 771,514 | 79.67% | 368,405 | 63.86% | 342,994 | 67.36% |
| Interest Expense | 87 | 0.01% | 53 | 0.01% | 46 | 0.01% |
| Total Expenses | \$ 968,445 | 100.00% | \$ 576,870 | 100.00% | \$ 509,167 | 100.00% |

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

- The \$10,561 decrease in administrative costs is due to the major change in the consultant efforts which required less staff time in facilitating the TMDL Task Force.
- The \$403,109 increase in consulting costs is due to a major change in the consultant support effort for a revision of the TMDLs and the Canyon Lake Alum Application Project revised how the alum was applied in the lake.

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.

As of the end of the fiscal year ended June 30, 2016, the Authority's general fund reported an ending fund balance of \$497,764, a decrease of \$241,107 or 32.6% 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.

Management's Discussion and Analysis

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, the fund balance of the general fund was \$497,764, which was also the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures.

Fund balance represents 51.4% of total general fund expenditures of \$968,445. The prior year comparison for fund balance to total general fund expenditures is 128.1%.

The fund balance in the Authority's general fund decreased by \$241,107 during the fiscal year due to several factors:

- Receipt of Proposition 84 grant funds in FYE 2015 instead of FYE 2016 resulting in a high fund balance in FYE 2015.
- Use of the TMDL Task Force fund balance to fund increased consultant efforts.

Overall, the general fund's performance resulted in expenditures exceeding revenues in the fiscal year ended June 30, 2016, by \$241,107. In the prior year, general fund revenues exceeded expenditures by \$284,870.

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, 2016.

Budget versus Actual – General Fund For the Year Ended June 30, 2016

| | Budgeted Amounts Original and Final | Actual Amounts Budgetary and GAAP Basis | Variance with Budget Positive (Negative) |
|--|--|--|---|
| Revenues | | | |
| Capital and Operating Grants | \$ 869,500 | \$ 623,910 | \$ (245,590) |
| Member Contributions | 100,000 | 100,000 | 0.00 |
| Interest Earnings | 878 | 3,428 | 2,550 |
| Total Revenues | 970,378 | 727,338 | (243,040) |
| Expenses | | | |
| Administrative | 184,828 | 196,538 | (11,710) |
| Contract Labor | - | 306 | (306) |
| Consulting | 785,500 | 771,514 | 13,986 |
| Interest Expense | 50 | 87 | (37) |
| Total Expenses | 970,378 | 968,445 | 1,933 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ 0.00 | \$ (241,107) | \$ (241,107) |
| Fund Balances - Beginning of Year | | 738,871 | |
| Fund Balances - End of Year | | \$ 497,764 | |

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

Management's Discussion and Analysis

- The \$245,590 negative variance for capital and operating grants is due to having budgeted for the Proposition 84 grant in FYE 2016 when some of the costs were expended in the prior fiscal year.
- The \$13,986 positive variance for consulting is due to some of the work performed for the TMDL Task Force had lower costs than originally projected due to receiving competitive bids.
- The \$11,710 negative variance for general and administrative costs is due to the increased effort of consultants which decreased staff time in the facilitation of the TMDL Task Force.

Existing Capital Assets

The Authority did not have any capital assets as of June 30, 2016.

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, 2016.

BASIC FINANCIAL STATEMENTS

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

STATEMENT OF NET POSITION

June 30, 2016
(With comparative totals for June 30, 2015)

| | Governmental Activities | |
|---------------------------------------|-------------------------|------------|
| | 2016 | 2015 |
| ASSETS: | | |
| Cash and cash equivalents (Note 2) | \$ 558,948 | \$ 759,875 |
| Accrued interest receivable | 970 | 395 |
| Accounts receivable | 15,412 | 77,829 |
| Prepaid insurance | 2,367 | 2,162 |
| | | |
| TOTAL ASSETS | 577,697 | 840,261 |
| | | |
| LIABILITIES: | | |
| Accounts payable and accrued expenses | 67,785 | 47,778 |
| Related party payable (Note 4) | 12,148 | 24,772 |
| Unearned revenue | - | 28,840 |
| | | |
| TOTAL LIABILITIES | 79,933 | 101,390 |
| | | |
| NET POSITION: | | |
| Unrestricted | 497,764 | 738,871 |
| | | |
| TOTAL NET POSITION | \$ 497,764 | \$ 738,871 |

See accompanying notes to the basic financial statements.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2016
(With comparative totals for the fiscal year ended June 30, 2015)

| | Governmental Activities | |
|----------------------------------|-------------------------|------------|
| | 2016 | 2015 |
| EXPENSES: | | |
| Administrative | \$ 196,538 | \$ 207,099 |
| Contract labor | 306 | 1,313 |
| Consulting | 771,514 | 368,405 |
| Interest expense | 87 | 53 |
| TOTAL EXPENSES | 968,445 | 576,870 |
| PROGRAM REVENUES: | | |
| Capital and operating grants | 623,910 | 760,325 |
| TOTAL PROGRAM REVENUES | 623,910 | 760,325 |
| NET PROGRAM REVENUES | (344,535) | 183,455 |
| GENERAL REVENUES: | | |
| Member contributions | 100,000 | 100,000 |
| Interest earnings | 3,428 | 1,415 |
| TOTAL GENERAL REVENUES | 103,428 | 101,415 |
| CHANGE IN NET POSITION | (241,107) | 284,870 |
| NET POSITION - BEGINNING OF YEAR | 738,871 | 454,001 |
| NET POSITION - END OF YEAR | \$ 497,764 | \$ 738,871 |

See accompanying notes to the basic financial statements.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUND

June 30, 2016

| | <u>General Fund</u> |
|---------------------------------------|-------------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 558,948 |
| Accrued interest receivable | 970 |
| Accounts receivable | 15,412 |
| Prepaid insurance | <u>2,367</u> |
| TOTAL ASSETS | <u>\$ 577,697</u> |
| LIABILITIES: | |
| Accounts payable and accrued expenses | \$ 67,785 |
| Related party payable | <u>12,148</u> |
| TOTAL LIABILITIES | <u>79,933</u> |
| FUND BALANCE (NOTE 3): | |
| Nonspendable | 2,367 |
| Unassigned | <u>495,397</u> |
| TOTAL FUND BALANCE | <u>497,764</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 577,697</u> |

See accompanying 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, 2016

| | <u>General Fund</u> |
|--|--------------------------|
| REVENUES: | |
| Capital and operating grants | \$ 623,910 |
| Member contributions | 100,000 |
| Interest earnings | <u>3,428</u> |
| TOTAL REVENUES | <u>727,338</u> |
| EXPENDITURES: | |
| Administrative | 196,538 |
| Contract labor | 306 |
| Consulting | 771,514 |
| Interest expense | <u>87</u> |
| TOTAL EXPENDITURES | <u>968,445</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (241,107) |
| FUND BALANCE - BEGINNING OF YEAR | <u>738,871</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 497,764</u></u> |

See accompanying 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization and Purpose:

The Lake Elsinore & San Jacinto Watersheds Authority (the 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.

b. 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.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. 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. 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 Balance presents 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.

c. 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, 2016, the Authority did not have any adjustments to make.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements:

Current Year Standards:

In fiscal year 2015-2016, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application"*. GASB Statement No. 72 requires the Authority to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Authority's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, was required to be implemented in the current fiscal year, except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the Authority.

GASB Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, was required to be implemented in the current fiscal year and did not impact the Authority.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"*, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the Authority.

GASB Statement No. 82, *"Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73"*, changed the measurement of covered payroll reported in required supplementary information and did not impact the Authority.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements, which may impact the Authority's financial reporting requirements in the future:

- GASB 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*, effective for periods beginning after June 15, 2016.
- GASB 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, effective for periods beginning after June 15, 2017.
- GASB 77 - *"Tax Abatement Disclosure"*, effective for periods beginning after December 15, 2015.
- GASB 78 - *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"*, effective for periods beginning after December 15, 2015.
- GASB 79 - *"Certain External Investment Pools and Pool Participants"*, the certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - *"Blending Requirements for Certain Component Units"*, effective for periods beginning after June 15, 2016.
- GASB 81 - *"Irrevocable Split-Interest Agreements"*, effective for periods beginning after December 15, 2016.
- GASB 82 - *"Pension Issues"*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental fund balance sheet 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority does not have any applicable deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods 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.

f. 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.

g. 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.

h. 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)

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

h. Investments and Investment Policy (Continued):

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.

i. 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.

j. Unearned Revenue:

Unearned revenue represents task force contributions budgeted for the next fiscal year received in the current fiscal year. There is no unearned revenue for the fiscal year ended June 30, 2016.

k. 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 at the fund level, 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.

l. 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. The Authority has no net investment in capital assets.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

l. Net Position (Continued):

- **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. The Authority has no restricted net position.
- **Unrestricted Net Position** - This component of net position consists of net position that does not meet the definition of *net investment in capital assets* or *restricted*.

m. Fund Balance:

The financial statements, governmental funds report fund balance as nonspendable, 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.

- **Nonspendable 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.
- **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.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Fund Balance (Continued):

The Board of Directors establishes, 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 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.

n. Use of Estimates:

The preparation of financial statements in accordance 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.

o. 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.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2016, are classified in the Statement of Net Position as follows:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | <u>\$ 558,948</u> |
|---------------------------|-------------------|

Cash and investments as of June 30, 2016, consist of the following:

| | |
|-------------------------------------|-------------------|
| Deposits with financial institution | \$ 21,882 |
| Local Agency Investment Fund (LAIF) | <u>537,066</u> |
| Total cash and investments | <u>\$ 558,948</u> |

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 1h to the financial statements.

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 California Government Code; however, the collateralized securities are not held in the Authority's name.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk (Continued):

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 California Government 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 California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Investments in LAIF are considered highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. As of June 30, 2016, the LAIF pool had a weighted average maturity of the following:

| | |
|------------------------------|----------|
| Local Agency Investment Fund | 167 days |
|------------------------------|----------|

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.

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 nongovernmental issuer as stipulated by the California Government Code. The Authority's deposit portfolio with LAIF is 96% of the Authority's total depository and investment portfolio as of June 30, 2016. There were no investments in any one nongovernmental issuer that represent 5% or more of the Authority's total investments.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool:

The Authority is a voluntary participant in the Local Agency Investment Fund that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority'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.

Fair Value Measurements:

The Authority categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Authority's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority's own data.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the Authority's management. Authority management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to the Authority's management perceived risk of that investment.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by Authority's broker or custodian.

The following is a description of the recurring valuation methods and assumptions used by the Authority to estimate the fair value of its investments.

Amounts invested in LAIF are not subject to fair value measurements.

The Authority has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

3. FUND BALANCE:

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1m for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2016, is as follows:

| | |
|--------------------|-------------------|
| Nonspendable: | |
| Prepaid insurance | \$ 2,367 |
| Unassigned | <u>495,397</u> |
| Total fund balance | <u>\$ 497,764</u> |

4. 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, 2016, were \$188,363. Amounts paid to SAWPA for fiscal year 2015-2016 consisted of \$62,558 for salaries, \$26,212 for benefits, and \$99,593 for overhead allocation. At June 30, 2016, the amount due to SAWPA was \$12,148.

5. 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.

6. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Excess of Expenditures over Appropriations:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------|---------------|---------------|---------------------------------------|
| General Fund: | | | |
| Administrative | \$ 184,828 | \$ 196,538 | \$ (11,710) |
| Contract labor | - | 306 | (306) |
| Interest expense | 50 | 87 | (37) |

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the fiscal year ended June 30, 2016

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. SUBSEQUENT EVENTS:

Events occurring after June 30, 2016, have been evaluated for possible adjustments to the financial statements or disclosure as of November 2, 2016, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the fiscal year ended June 30, 2016

| | Budgeted Amounts | | | Actual Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|---------------------|------------------------------|-------------------|------------------------------|---|
| | Adopted Original | Board Approved Changes | Final | | |
| REVENUES: | | | | | |
| Capital and operating grants | \$ 869,500 | \$ - | \$ 869,500 | \$ 623,910 | \$ (245,590) |
| Member contributions | 100,000 | - | 100,000 | 100,000 | - |
| Interest earnings | 878 | - | 878 | 3,428 | 2,550 |
| TOTAL REVENUES | 970,378 | - | 970,378 | 727,338 | (243,040) |
| EXPENDITURES: | | | | | |
| Administrative | 184,828 | - | 184,828 | 196,538 | (11,710) |
| Contract labor | - | - | - | 306 | (306) |
| Consulting | 785,500 | - | 785,500 | 771,514 | 13,986 |
| Interest expense | 50 | - | 50 | 87 | (37) |
| TOTAL EXPENDITURES | 970,378 | - | 970,378 | 968,445 | 1,933 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | <u>\$ -</u> | - | (241,107) | (241,107) |
| FUND BALANCE - BEGINNING OF YEAR | 738,871 | | 738,871 | 738,871 | - |
| FUND BALANCE - END OF YEAR | <u>\$ 738,871</u> | | <u>\$ 738,871</u> | <u>\$ 497,764</u> | <u>\$ (241,107)</u> |

See accompanying note to required supplementary information.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2016

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. There were no such supplemental changes during the year.

OTHER INFORMATION

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

ORGANIZATION

For the fiscal year ended June 30, 2016

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

Vicki Warren
Robert E. Magee
Kevin Jeffries
Phil Williams
Brenda Dennstdt

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

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 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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 2, 2016.

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.

White Nelson Diehl Evans LLP

Irvine, California
November 2, 2016

LESJWA BOARD MEMORANDUM NO. 805

DATE: December 15, 2016

SUBJECT: Phase 2 TMDL Compliance Monitoring Program – Alum Effectiveness Monitoring Change Order

TO: LESJWA Board of Directors

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

RECOMMENDATION

The Lake Elsinore and Canyon Lake Nutrient TMDL Task Force and LESJWA staff recommends that the Board of Directors approve Change Order No. 1 to Task Order No. AMEC160-02 with AMEC Foster Wheeler Environment & Infrastructure, Inc. for an amount not-to-exceed \$20,252. This Change Order provides additional technical support to the LE&CL TMDL Task Force for the following:

- 1) Pre and Post alum Effectiveness Monitoring conducted in September and October 2016
- 2) Stand-alone pre-alum effectiveness water quality assessment efforts required in association with future alum application events (2 events annually).

DISCUSSION

To address the need for effectiveness monitoring to support the Canyon Lake alum treatment program, the members of the Lake Elsinore and Canyon Lake Nutrient TMDL Task Force recommend a change order to the Lake Elsinore and Canyon Lake Nutrient TMDL Phase 2 Compliance Monitoring program conducted by AMEC Foster Wheeler Environment & Infrastructure, Inc. to include the following:

- 1) Pre and Post alum Effectiveness Monitoring conducted in September and October 2016
A single pre-alum effectiveness monitoring effort was conducted on September 19, 2016, followed by an alum application between September 26-30, and post-alum effectiveness monitoring on October 5, 2016. The pre-alum monitoring event on September 19 occurred during a summer monthly TMDL sampling event for which only Lake Elsinore was assessed (requiring mobilization of a team to Canyon Lake). The post-alum effectiveness monitoring on October 5 occurred during a bi-monthly TMDL sampling event for which both Lake Elsinore and Canyon Lake are sampled (the Canyon Lake TMDL monitoring team was able to also perform alum effectiveness monitoring while already on the lake).

The scope of work for both pre- and post-monitoring events in September and October 2016, included full water column depth profiles for temperature, pH, conductivity, and dissolved oxygen at 1-meter intervals throughout the water column using portable YSI water quality meters. Water clarity was measured with a Secchi disk at each station. This water profile data was recorded on field sheets and used to determine the presence/absence and location of a thermocline at each station. At Stations CL07, CL08, and CL09 analytical water samples were collected in the epilimnion and hypolimnion, along with a full water column depth integrated sample. Only a single depth integrated sample was collected at Station CL10 due to the shallow depth at this location and absence of a thermocline. All samples were analyzed for those constituents listed in Table 1 in accordance with the 2013 Alum Effectiveness Monitoring Work Plan.

Due to the timing of this necessary and expedited regulatory activity since the Regional Board had not formally accepted the new Canyon Lake monitoring program, the availability of contingency funding, and support of Task Force for this work, the LESJWA Authority Administrator authorized the consultant to complete this work. Ratification of the LESJWA Board is sought.

2) Future Pre-alum Effectiveness Monitoring (two events annually)

Pre-alum effectiveness monitoring will be scheduled to occur within approximately 1-week of any anticipated future alum applications. It is possible that this monitoring may be able to be coordinated to coincide with a routine TMDL monitoring event, however, this will not be assumed for the proposed scope given that both alum effectiveness and TMDL monitoring programs have specific timing needs and limitations that will make this challenging to coordinate on a regular basis. The scope of work for all future pre-alum monitoring events includes field water quality measurements only. This will consist of the performance of a full water column depth profile for temperature, pH, conductivity, and dissolved oxygen at 1-meter intervals throughout the water column, and a measure of water clarity using a Secchi disk at each station. This data will be summarized and provided to the Task Force and the alum application vendor within 24-hours of monitoring. Our per event cost includes the field labor (team of 2 with boat and equipment), sampling data summary and QA, and two hours of technician labor to incorporate these results into the annual TMDL monitoring report.

The attached Change Order details the additional work by AMEC Foster Wheeler Environment & Infrastructure, Inc. to support the LE&CL TMDL Task Force in tasks related to the Canyon Lake alum treatment program. Included with this Task Order is a scope of work and budget providing a detailed description of support services to be performed by the consultant through FY 2017-18 in conjunction with the Phase 2 LE&CL TMDL Compliance monitoring program.

BACKGROUND

In June 2015, members of the Lake Elsinore and Canyon Lake Nutrient TMDL Task Force Technical Advisory Committee recommended the selection of AMEC Foster Wheeler Environment & Infrastructure, Inc. to conduct the Phase 2 nutrient TMDL Compliance monitoring program in response to a request for proposals.

Through this agreement, AMEC Foster Wheeler Environment & Infrastructure, Inc. will provide the following services to the LE&CL TMDL Task Force, as described in the April 2015, Lake Elsinore and Canyon Lake Nutrient TMDL Phase 2 Compliance Monitoring Work Plan:

- Wet season watershed-wide compliance monitoring
- Bi-monthly in-lake monitoring for Lake Elsinore
- Bi-monthly in-lake monitoring for Canyon Lake
- Contract and coordinate with Babcock laboratories for analytical laboratory services
- Coordinate with EVMWD on data sondes operating in Lake Elsinore
- Contract and coordinate with Blue Water Satellite for bi-monthly analyses of in-lake chlorophyll-a using satellite imagery
- Coordinate with RCFC&WCD staff on tracking weather for wet season storm events
- Prepare annual TMDL Water Quality Compliance Monitoring Reports for Regional Board submittal
- Provide status updates to the TMDL Task Force.

RESOURCES IMPACT

The TMDL Task Force FY 2016-17 Budget provided a budget of \$40,000 to conduct effectiveness monitoring to support the Canyon Lake alum treatment program. All staff contract administration time for this contract will be taken from the TMDL budget and funded by the TMDL Stakeholders.

MN/RW/dm

Attachment:

1. Change Order No. AMEC160-02

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

CHANGE ORDER NO. 1 To Task Order No. AMEC160-02

CONSULTANT: AMEC Foster Wheeler Environment & Infrastructure, Inc. **VENDOR NO.** 1734
9210 Sky Park Court
San Diego, Ca 92123

PROJECT: Lake Elsinore & Canyon Lake Nutrient TMDL Phase 2 Compliance Monitoring

COST: \$20,252

REQUESTED BY: Rich Whetsel, Sr. Watershed Planner December 15, 2016

FINANCE: _____
Karen Williams, CFO Date

FINANCING SOURCE: Acct. Coding: 160-TMDL-6113-01
Acct. Description: TMDL Task Force

BOARD AUTHORIZATION REQUIRED: YES (X) NO ()

Funding for this work previously was authorized on 12-15-16; ref Board Memo No. LES805

Contractor is hereby directed to provide the extra work necessary to comply with this change order.

DESCRIPTION / JUSTIFICATION OF CHANGE: This change order is to reimburse Consultant for costs to conduct Canyon Lake effectiveness monitoring associated with the September 2016 alum application and Consultant will conduct stand-alone pre-alum effectiveness water quality assessment efforts required in association with future alum application events (two events annually).

CHANGE IN CONTRACT TIME: June 30, 2018

| | | |
|------------------------------------|----------------------------|------------------|
| CHANGE IN TASK ORDER PRICE: | Original Task Order Amount | \$156,634 |
| | Change Order No. 1 Amount | \$ <u>20,252</u> |
| | Amended Contract Total | \$176,886 |

ACCEPTANCE:

Contractor accepts the terms and conditions stated above as full and final settlement of any claims arising from or related to this Change Order. Contractor agrees to perform the above described work in accordance with the above terms and in compliance with applicable sections of the Contract Specifications. This Change Order is hereby agreed to, accepted and approved, all in accordance with the General Provisions of the Contract Specifications.

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

Mark Norton, Authority Administrator Date

AMEC FOSTER WHEELER ENVIRONMENT & INFRASTRUCTURE, INC.

(Signature) Date

Typed/Printed Name



October 25, 2016

Santa Ana Watershed Project Authority (SAWPA)
11615 Sterling Avenue
Riverside, CA 92503

Attention: Rick Whetsel

Subject: **Change Order Scope of Work**
Canyon Lake Alum Application Program Water Quality Monitoring

1.0 PURPOSE

The purpose of this change order request is to provide a scope and costs to the Lake Elsinore and San Jacinto Watershed Authority (LESJWA) nutrient total maximum daily loads (TMDL) Task Force for pre- and post-alum treatment water quality monitoring in Canyon Lake.

A scope of work description is provided in Section 2.0, a schedule is presented in Section 3.0, and costs are summarized in Section 4.0.

2.0 SCOPE OF WORK

Canyon Lake is listed on the Clean Water Act Section 303(d) list as impaired for excessive nutrients. Consequently, the Santa Ana Regional Water Quality Control Board (Regional Board) adopted Resolution No. R8-2004-0037 in December 2004 to amend the Water Quality Control Plan for the Santa Ana River Basin (Basin Plan) to incorporate nutrient TMDLs for Lake Elsinore and Canyon Lake.

To control nutrients and resultant algae blooms in Canyon Lake, the LESJWA Task Force has been performing alum applications in the lake since September 2013, with the goal of compliance with interim and final nutrient and chlorophyll-*a* TMDL targets. In order to assess the effectiveness of the alum applications, water quality monitoring specifically associated with the alum applications is being performed. This monitoring has been able to quantify the effectiveness of alum applications at removing phosphorus, the resultant effect on algal concentrations and water quality, and assess the potential for residual aluminum remaining in the water column.

The same four stations monitored for the routine nutrient TMDL monitoring (CL07, CL08, CL09, and CL10) are now being used as assessment stations for the alum effectiveness sampling. The requested pre- and post-alum effectiveness monitoring events conducted in September and October of this year were performed according to a project-specific Work Plan that was prepared by MWH in 2013 entitled “*Water Quality Monitoring Plan for the Canyon Lake Alum Application Program*.” A summary of the analytes measured following the methods outlined in this document is provided in Table 1. A series of 5 pre- and post-alum monitoring events were conducted between September 2013 and May 2015 to document the effectiveness of the alum applications. These efforts were conducted during a time period where routine TMDL monitoring was suspended to focus resources on implementation of various large-scale water quality enhancement efforts, including treatment of Canyon Lake with alum. The alum effectiveness monitoring conducted in September 2016 provides an additional more recent confirmation assessment. Given that the

Task Force reinitiated the TMDL lake monitoring program in summer 2015, it was agreed by the LESJWA Task Force that this monitoring can now take the place of the prior alum-specific monitoring program prepared by MWH in 2013. Ongoing TMDL monitoring will cover any post-alum monitoring efforts, but a separate pre-alum monitoring event will still be required in addition to future TMDL-related monitoring efforts.

Table 1: Analyte List^a

| Analyte | Method | Volume / Recommended Container | Field Preservation |
|---|--------------------------|----------------------------------|---------------------------------------|
| Total Kjeldahl Nitrogen (TKN) | EPA 351.2 | 600ml Poly | H ₂ SO ₄ , <4°C |
| Nitrite as N | SM 4500NO ₂ B | 1000ml | <4°C |
| Nitrate as N | EPA 300.0 | 1000ml | <4°C |
| Total Nitrogen (TN) | Calc | na | na |
| Ammonia Nitrogen (NH ₄ -N) | SM4500-NH ₃ H | 500ml Poly | H ₂ SO ₄ , <4°C |
| Total Phosphorus (TP) | SM4500-P E | 300ml Poly | H ₂ SO ₄ , <4°C |
| Soluble Reactive Phosphorus (SRP/Ortho-P) | SM4500-P E | 250ml Poly, 0.45-um filtered | <4°C |
| Chlorophyll-a | SM 10200H | 500ml; 0.7-um Glass Fiber Filter | <4°C |
| Total Dissolved Solids (TDS) | SM 2540 C | 1000ml Poly | <4°C |
| Total Suspended Solids (TSS) | SM 2540D | 1000ml Poly | <4°C |
| Dissolved Aluminum | EPA 200.7 | 250ml Poly | HNO ₃ , <4°C |
| Total Aluminum | EPA 200.7 | 1000ml Poly | <4°C |

^a In accordance with the Alum Effectiveness Monitoring Work Plan by MWH (2013).

na – not applicable

The change order request herein includes the following task items:

- Pre- and post-alum effectiveness monitoring conducted in September and October 2016; and
- Stand-alone pre-alum effectiveness water quality assessment efforts required in association with any future alum application events (2 events in 2017 and annually thereafter).

A more detailed summary of these two tasks and associated costs follows below.

1) Pre- and post-alum effectiveness monitoring conducted in September/ October 2016

A single pre-alum effectiveness monitoring effort was conducted on September 19, 2016, followed by an alum application between September 26-30, and post-alum effectiveness monitoring on October 5, 2016. The pre-alum monitoring event on September 19 occurred during a summer monthly TMDL sampling event for which only Lake Elsinore was assessed (requiring mobilization of a team to Canyon Lake). The post-alum effectiveness monitoring on October 5 occurred during a bi-monthly TMDL sampling event for which both Lake Elsinore and Canyon Lake are sampled (the Canyon Lake TMDL monitoring team was able to also perform alum effectiveness monitoring while already on the lake).

The scope of work for both pre- and post-monitoring events in September and October 2016, included full water column depth profiles for temperature, pH, conductivity, and dissolved



oxygen at 1-meter intervals throughout the water column using portable YSI water quality meters. Water clarity was measured with a Secchi disk at each station. This water profile data was recorded on field sheets and used to determine the presence/absence and location of a thermocline at each station. At Stations CL07, CL08, and CL09 analytical water samples were collected in the epilimnion and hypolimnion, along with a full water column depth integrated sample. Only a single depth integrated sample was collected at Station CL10 due to the shallow depth at this location and absence of a thermocline. All samples were analyzed for those constituents listed in Table 1 in accordance with the 2013 Alum Effectiveness Monitoring Work Plan.

The cost for these two monitoring events includes the field labor and associated equipment, sampling data summary and QA, and approximately 8 hours of technician labor to incorporate these results into the annual TMDL monitoring report.

2) Future Pre-Alum Effectiveness Monitoring

Pre-alum effectiveness monitoring will be scheduled to occur within approximately 1-week of any anticipated future alum applications. It is possible that this monitoring may be able to be coordinated to coincide with a routine TMDL monitoring event, however, this will not be assumed for the proposed scope given that both alum effectiveness and TMDL monitoring programs have specific timing needs and limitations that will make this challenging to coordinate on a regular basis. The scope of work for all future pre-alum monitoring events includes field water quality measurements only. This will consist of the performance of a full water column depth profile for temperature, pH, conductivity, and dissolved oxygen at 1-meter intervals throughout the water column, and a measure of water clarity using a Secchi disk at each station. This data will be summarized and provided to the Task Force and the alum application vendor within 24-hours of monitoring. Our per event cost includes the field labor (team of 2 with boat and equipment), sampling data summary and QA, and two hours of technician labor to incorporate these results into the annual TMDL monitoring report.

3.0 SCHEDULE OF WORK

Alum effectiveness sampling is closely tied to the schedule of the alum applications which will be performed at the discretion of the LESJWA Nutrient TMDL Task Force. It is anticipated that alum applications will continue to occur twice annually, requiring 2 pre-alum monitoring events per year. All four stations are to be sampled within approximately one week prior to an alum application. Routine TMDL monitoring event data will be used to assess post-alum effectiveness.

4.0 COST

Table 2 summarizes total estimated costs per event for the alum effectiveness monitoring outlined above.

The total cost for pre- and post-alum effectiveness monitoring in 2016 is estimated to be \$14,151. Pre-alum effectiveness monitoring events in 2017 and thereafter are estimated to cost \$3,051 per event or \$6,101 annually for two anticipated treatment events.



Table 2: Alum Effectiveness Monitoring Cost Estimate

Pre- and Post-Alum Effectiveness - 2016

| Task 1 | Date | Labor | Supplies | Subcontractor (Analytical) | Total |
|---|----------|---------|----------|----------------------------|-----------------|
| 1a. Pre-alum Effectiveness Monitoring - Stand Alone Effort (2016) | 09/19/16 | \$3,970 | \$0 | \$4,080 | \$8,050 |
| 1b. Post-alum Effectiveness Sampling - Concurrent to TMDL Monitoring (2016) | 10/05/16 | \$2,880 | \$11 | \$3,210 | \$6,101 |
| 2016 Total | | | | | \$14,151 |

Pre- Alum Effectiveness – 2017 and Annually Thereafter

| Task 2 | Date | Labor | Supplies | Subcontractor (Analytical) | Total |
|--|---------------------------|---------|----------|----------------------------|----------------|
| Pre-alum Effectiveness Monitoring - Stand Alone Effort | TDB – Feb, Sept 2017 Est. | \$2,515 | \$536 | \$0 | \$3,051 |
| 2017 Total (2 Events/ Year) | | | | | \$6,101 |

If you have any questions, please contact us at your convenience. We look forward to continuing our work with the LESJWA on these important projects.

Sincerely,

Chris Stransky
Amec Foster Wheeler
Aquatic Sciences Group Manager/
Client Project Manager

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LESJWA BOARD MEMORANDUM NO. 805

DATE: December 15, 2016

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

The Lake Elsinore and Canyon Lake TMDL Task Force last met on October 19, 2016 and will meet again on January 4, 2017. CDM Smith is continuing their effort to prepare an updated TMDL Technical Report. The consultants shared with the Task Force the latest evaluations regarding Numeric Targets, including discussion about a reference watershed approach, the reference condition for Lake Elsinore and Canyon Lake, and TMDL targets. They also discussed Source Assessment including discussion of Internal Loads – Sediment Nutrient Flux, Supplemental Water and Total Nutrient Budget. They have completed and submitted the final drafts of the Introduction (Chp 1), Problem Statement (Chp 2) and Appendix A – Supporting Biological Data, and submitted them to the Task Force for review. Currently, the consultant team is working to finalize the revised Numeric Targets (Response and Causal) (Chp 3), and the Source Assessment (Chp 4) for the TMDLs. The overall TMDL Technical Report is on schedule to be completed in December 2017, approximately one year from now.

Amec Foster Wheeler (FW) continues to implement the Phase 2 TMDL compliance monitoring program. They completed the Annual LE&CL TMDL Water Quality report and submitted it to the Regional Board on August 15, 2016 and completed revisions to the Phase 2 TMDL Compliance Monitoring Plan and Quality Assurance Process Plan. There was discussion as to whether the monitoring program should be modified to include pre- and post-monitoring. It was the consensus of the Task Force to take the necessary pre-monitoring for pH, DO and temperature to ensure effectiveness of alum sulfate activation with phosphorus, but lab sampling was not considered necessary. Post monitoring of alum will continue as part of the normal lake monitoring that includes lab analysis. Discussion of monitoring also included work being done by AMEC to analyze the algae toxins in Lake Elsinore. According to the City of Lake Elsinore staff, due to costs, the algae toxin sampling will be conducted only when AMEC is out at Lake Elsinore for their routine TMDL sampling, and may be discontinued during the winter months.

The Task Force consultant, Tim Moore of Risk Sciences, continues to work with the Lake Elsinore operators to assist them with a new operation and maintenance agreement for the Lake Elsinore aeration system. A draft agreement was prepared in September 2016, and currently is under review by the three original funding partners: Riverside County, City of Lake Elsinore, and EVMWD. This new agreement will clarify the provisions regarding (a) the reservation and assignment of offsets to address the three original project partners first, (b) the availability and ownership of any excess offset credits, and (c) the Terms & Conditions for licensing excess offset credits to others.

A draft LEAMS Licensing Agreement also has been prepared detailing the Terms & Conditions for licensing excess Offset Credits. Through this separate agreement (between the three original funding partners and LESJWA), it is proposed that the Task Force administrator, LESJWA, will act on behalf of those LE&CL TMDL Task Force members electing to participate in the LEAMS project, and will coordinate collection and disbursement of all fees to license excess offset credits. A draft of this agreement was shared with the Task Force in October and with the LESJWA Board on October 20th. The final agreement reflects comments received from the operating agencies, LESJWA legal counsel, and others.

Alum was last applied in Canyon Lake during the week of Sept. 19th – 23rd with good results. LESJWA received no complaints from residents. The next alum application is preliminarily scheduled for late February or early March 2017. As with all alum applications, a technical advisory group will meet two months prior to the next application to confirm with all parties the logistics, dosages, locations, and QA/QC.

The Task Force also discussed concerns about Spiny Naiad, which has become more pervasive in Canyon Lake. Questions arose whether the subsurface plant is natural or an exotic since this will affect responsibility for removal. Further investigation found that the Spiny Naiad is a native plant. It may be that similar to other lakes, submergent vegetation will need to be cut back on a regular basis by the Canyon Lake POA as a routine maintenance activity. This is a normal practice at Big Bear Lake for submergents such as Eurasian milfoil and Coontail.

RESOURCES IMPACT

All staff administration time applied to the TMDL Task Force comes from the TMDL Budget and is funded only by the TMDL Task Force parties.

MN:dm