



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

LESJWA BOARD OF DIRECTORS REGULAR MEETING

EVMWD, 31315 Chaney Street, Lake Elsinore, CA 92531

Board of Directors:

Brenda Dennstedt, Chair, Santa Ana Watershed Project Authority
Phil Williams, Vice Chair, Elsinore Valley Municipal Water District
Vicki Warren, Secretary/Treasurer, City of Canyon Lake
Robert Magee, City of Lake Elsinore
Kevin Jeffries, County of Riverside

WEDNESDAY, JUNE 27, 2018 – 4:00 P.M.

AGENDA

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** (Brenda Dennstedt, Chair)

2. **ROLL CALL**

3. **PUBLIC COMMENTS**

Members of the public may address the Board on items within the jurisdiction of the Board; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

4. **CONSENT CALENDAR**

All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Board by one motion as listed below.

A. **APPROVAL OF MEETING MINUTES: APRIL 19, 2018**5
Recommendation: Approve as posted.

B. **TREASURER'S REPORTS: MARCH/APRIL 2018**11
Recommendation: Approve as posted.

C. **COMMITTEE STATUS REPORT**
Recommendation: No meetings of the Education and Outreach Committee have occurred since LESJWA Board meeting report.

D. **TMDL TASK FORCE REPORT: MARCH 13, 2018**
Recommendation: Approve as posted.

5. **NEW BUSINESS**

A. **EDUCATION AND OUTREACH SUPPORT SERVICES (MEMO 831)**27
Recommendation: Exercise the option of approving and extending the multi-year Task Order No. DEGR477-04 with DeGrave Communications for an amount not-to-exceed \$40,000 (\$20,000/yr) for the LESJWA Education & Outreach Program for Fiscal Years 2018-19 & 2019-20.

B.	<u>LESJWA AUDIT CONSULTANT SELECTION (MEMO 832)</u>	41
	Recommendation: Receive and file the Engagement Letter for the FYE 2018 Audit and State Controllers Report in preparation with Teaman, Ramirez & Smith, Inc. and authorize the Chair to sign required documentation.	
6.	<u>INFORMATIONAL REPORTS</u>	
	Recommendation: Receive for information.	
A.	<u>LAKE CONDITIONS STATUS REPORT (MEMO 834)</u>	53
	Presenter: Nicole Dailey, City of Lake Elsinore	
B.	<u>LAKE ELSINORE AERATION & MIXING SYSTEM 2016 EXCESS OFFSET ANNUAL ACCOUNTING REPORT (MEMO 835)</u>	55
	Presenter: Mark Norton, LESJWA	
C.	<u>ADMINISTRATOR’S COMMENTS</u>	
D.	<u>DIRECTORS’ COMMENTS</u>	
	i. <u>LESJWA BOARD MEETING SCHEDULE</u>	
E.	<u>FUTURE AGENDA ITEMS REQUESTS</u>	
7.	<u>CLOSED SESSION</u>	
A.	<u>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED EXPOSURE TO LITIGATION-ONE POTENTIAL CASE (GOV. CODE, SEC. 54956.9(d))</u>	
8.	<u>ADJOURNMENT</u>	

Americans with Disabilities Act: If you require any special disability related accommodations to participate in the meeting, please call (951) 354-4243 or email svilla@sawpa.org. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Request should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, CA 92503, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Sara Villa, Board Secretary of the Lake Elsinore & San Jacinto Watersheds Authority declare that on Wednesday, June 20, 2018, a copy of this agenda has been uploaded to the LESJWA website at www.mywatersheds.com and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, CA 92503.

/s/

<u>2018 – LESJWA Board of Directors Meetings</u> Third Thursday of Every Other Month (NOTE: Unless otherwise noticed, all LESJWA Board of Directors Meetings begin at 4:00 p.m., and held at EVMWD)	
February 15, 2018 [cancelled]	April 19, 2018
June 21, 2018 [adjourned] June 27, 2018 [adjourned regular]	August 16, 2018
October 18, 2018	December 20, 2018

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LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY BOARD OF DIRECTORS MEETING

REGULAR MEETING MINUTES APRIL 19, 2018

BOARD OF DIRECTORS PRESENT

Robert Magee, Chair, City of Lake Elsinore
Phil Williams, Secretary/Treasurer, Elsinore Valley Municipal Water District
Vicki Warren, City of Canyon Lake
Kevin Jeffries, County of Riverside

BOARD OF DIRECTORS ABSENT

Brenda Dennstedt, Vice Chair, Santa Ana Watershed Project Authority

OTHERS PRESENT

Liselle DeGrave, DeGrave Communications
Nicole Dailey, City of Lake Elsinore

LESJWA STAFF

Mark Norton, Dawna Munson, Sara Villa

CALL TO ORDER/PLEDGE OF ALLEGIANCE

The Regular Board of Directors meeting of the Lake Elsinore & San Jacinto Watersheds Authority (LESJWA) was called to order at 4:00 p.m. by Chair Magee at the Elsinore Valley Municipal Water District, 31315 Chaney Street, Lake Elsinore, California.

ROLL CALL

Roll call was duly noted and recorded by the Clerk of the Board.

PUBLIC COMMENTS

There were no public comments.

1. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: DECEMBER 21, 2017

Recommendation: Approve as posted.

B. TREASURER'S REPORT: NOVEMBER/DECEMBER 2017 AND JANUARY/FEBRUARY 2018

Recommendation: Approve as posted.

C. COMMITTEE STATUS REPORT: EDUCATION AND OUTREACH COMMITTEE MEETING NOTES OF JANUARY 9, 2018 AND MARCH 26, 2018

Recommendation: Approve as posted.

D. TMDL TASK FORCE REPORT: LAKE ELSINORE & CANYON LAKE TMDL TASK FORCE MEETING NOTES OF JANUARY 17, 2018 AND FEBRUARY 14, 2018

Recommendation: Approve as posted.

MOVED, approve the Consent Calendar.

Result:	Adopted (Unanimously)
Motion/Second:	Jeffries/Warren
Ayes:	Jeffries, Magee, Warren, Williams
Nays:	None
Abstentions:	None
Absent:	Dennstedt

2. ELECTION OF OFFICERS (MEMO 826)

Mark Norton said in accordance with LESJWA's JPA, the Board is to conduct nominations of its officers every two years. Chair Magee opened the floor for nominations. Director Williams nominated SAWPA as Chair, EVMWD as Vice Chair, and Canyon Lake as Secretary/Treasurer. It was suggested that Chair Magee continue the rest of the meeting as Chair.

MOVED, approve the officers Brenda Dennstedt/SAWPA, Chair, Phil Williams/EVMWD, Vice Chair, and Vicki Warren/City of Canyon Lake, Secretary-Treasurer for the LESJWA Board of Directors for a two-year term through December 31, 2019.

Result:	Adopted (Unanimously)
Motion/Second:	Williams/Jeffries
Ayes:	Jeffries, Magee, Warren, Williams
Nays:	None
Abstentions:	None
Absent:	Dennstedt

3. FY 2018-2019 LESJWA BUDGET (MEMO 827)

Mark Norton briefly reviewed the LESJWA annual budget for FY 2018-2019. It covers the LESJWA activity for the fiscal year, and also lists the existing projects, studies, and administrative costs associated with operating the agency and implementing the TMDL projects. He referenced page 69 of the board packet and discussed the remaining reserve revenue funding carried over from past member agency contributions for much of the LESJWA administrative activities and to balance the budget. Norton noted that we are building up reserves in this JPA and that is discretionary of what we choose to use it for.

The major activities planned for FY 2018-19 include administration and implementation of the many TMDL tasks for both lakes, including continuing the alum application at Canyon Lake for the water quality improvement project, implementing watershed and lake monitoring, and revision to the LE/CL nutrient TMDL. The allocations anticipated for the year were reviewed.

Director Williams referenced page 71 of the board packet and expressed concerns on the line item containing Nevada Hydro within the Lake Elsinore & Canyon Lake TMDL Task Force Budget. He noted that EVMWD cannot approve a budget that includes Nevada Hydro due to their current litigation with Nevada Hydro. He'd like to discuss with his legal counsel in closed session. Director Williams stated that he can vote for a budget that does not reflect their contributions or offers to perform, but otherwise cannot approve the budget. He can vote for it exclusive of the Nevada Hydro contribution. EVMWD is neither supporting or denying Nevada Hydro's involvement.

MOVED, approve the FY 2018-2019 LESJWA Budget as submitted with the exception of the contributions of Nevada Hydro.

Result:	Adopted (Unanimously)
Motion/Second:	Williams/Jeffries
Ayes:	Jeffries, Magee, Warren, Williams
Nays:	None
Abstentions:	None
Absent:	Dennstedt

4. LAKE ELSINORE & CANYON LAKE NUTRIENT TMDL COMPLIANCE MONITORING PROGRAM (MEMO 828)

Mark Norton informed the Directors that the contract with AMEC Foster Wheeler Environment & Infrastructure, Inc. (AMEC) is coming to an end. The members of the Lake Elsinore & Canyon Lake TMDL Task Force Technical Advisory Committee (Committee) recommend extending the agreement for two additional years to conduct Phase 2 nutrient TMDL Compliance monitoring program. Norton noted that the Committee is very pleased with AMEC's work and have been very proactive with any needs. Their work includes compliance monitoring and pre-alum effectiveness monitoring, they help prepare quarterly and annual reports that are submitted to the Regional Board and assist with quality assurance.

Norton stated that the Lake Elsinore & Canyon Lake TMDL Task Force FY 2018-19 Budget provided a budget of \$176,112 to conduct watershed-wide nutrient monitoring. Additionally, the TMDL Task Force has approved the use of its sufficient reserves to cover the balance of the additional monitoring to support the proposed monitoring by the Lake Elsinore and Canyon Lake TMDL Task Force. All staff contract administration time for this contract will be taken from the TMDL budget and funded by the TMDL Stakeholders. Norton noted that we recognize that we must be competitive in our costs, but the TMDL task force feels that we should continue with AMEC and then go out for competitive bid in two years.

MOVED, approve and authorize a two-year Agreement and Task Order No. AMEC160-04 for an amount not to exceed \$176,110/year with AMEC Foster Wheeler Environment & Infrastructure, Inc. to oversee and implement FY 2018-2020 Phase 2 Nutrient TMDL Compliance Monitoring Program for the Lake Elsinore & Canyon Lake Nutrient TMDL Task Force.

Result:	Adopted (Unanimously)
Motion/Second:	Williams/Magee
Ayes:	Jeffries, Magee, Warren, Williams
Nays:	None
Abstentions:	None
Absent:	Dennstedt

5. 2018 LESJWA WATER SUMMIT (MEMO 829)

Mark Norton informed the Directors that the 5th Annual LESJWA Water Summits was a success. It doubled in attendance from previous years. He reviewed the panel of speakers including Hope Smythe (RWQCB), Jason Uhley (RCFC&WCD), Greg Kahlen (The Kahlen Group, representing LEAPS Project), Tim Moore (Risk Sciences), and Pat Boldt (WRCAC). Norton noted that for the first time we had sponsors and a small registration fee was collected from the attendees. Norton commended Liselle DeGrave on her outstanding job in coordinating the event. The videos of the summit speakers will be posted on the website.

Director Williams commented that he thought they did an outstanding job. Having the annual summit is

extremely important to the public to understand how and what gets done. Chair Magee noted that staff did a great job as did Liselle DeGrave and Nicole Dailey. He suggested that perhaps in the future the Summit could be held at the new Lake Elsinore Campground which would be a beautiful backdrop for the function.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.

6. TEMESCAL CANYON HIGH SCHOOL PRESENTATION (MEMO 830)

Mark Norton provided brief background on how recently the LESJWA Board had received multiple letters from students of Temescal Canyon High School expressing dismay about the lake conditions at both Canyon Lake and Lake Elsinore and thinking that nothing was being done to address the lake quality.

With the support of DeGrave Communications, a PowerPoint presentation about LESJWA was presented to an assembly of approximately 250-300 students. The following representatives were in attendance; LESJWA staff, Mark Norton; City of Canyon Lake Mayor; LESJWA Board Member, Vicki Warren; Nicole Dailey, City of Lake Elsinore, and Liselle DeGrave of DeGrave Communications. The presentation was well received, and a letter of appreciation was sent to LESJWA from the chemistry teacher.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.

7. LESJWA/LEAPS DISCUSSION (3/26/18 LETTER)

Mark Norton provided a brief background on the letter submitted to Federal Energy Regulatory Commission (FERC) on March 26, 2018 on behalf of LESJWA. He referenced the letter within the Board packet and said that the letter explicitly stated that neither LESJWA nor the LE/CL TMDL Task Force were endorsing or objecting to the proposed LEAPS project. However, it indicated the belief that Nevada Hydro's decision to work within the Task Force provides the best path for reaching a mutually acceptable outcome. Norton noted that when the letter was prepared, he felt it was a statement of fact and not an endorsement. Since then he learned there was concerns in regard to the letter that may be interpreted as an endorsement, which was not his intent. Norton apologized to the Board and stated that he should have had the letter reviewed by the LESJWA Board of Directors prior to submitting. It was noted that Director Dennstedt also expressed concerns in regard to the letter and wanted to make sure that LESJWA isn't being portrayed as being supportive of the project.

Chair Magee noted that there are some discussions that need to be brought up behind closed doors and suggested having a closed session to discuss with LESJWA's legal counsel. It was noted that at least two directors will not be able to attend the June 21 LESJWA Board Meeting due to the WRCOG meeting, and recommended scheduling a Special Meeting with the legal counsel and have a dialogue about the letter and our relationship to the organization. Chair Magee expressed concerns about the letter being sent out without the Board's review and approval, and felt that the LEAPS Project presenter at the LESJWA Summit couldn't completely answer questions, which didn't look very good.

Director Williams appreciated Mr. Norton's apology and he noted that he is very limited in what he can and can't say about what the project can and can't do. The letter implies that the two partners have come to some sort of agreement, and from his standpoint, they have not granted that kind of permission. He agreed that the Board should see this type of letter in the future before it's submitted to FERC or others. Williams noted if we need to send them a letter that their membership in the LE/CL TMDL Task Force is held in abeyance until all agree. It was noted that the letter and discussion should be done in closed session.

Director Jeffries noted that he believes it was a serious breach of trust with this Board. The letter puts us at odds with our constituents, and it needs to be retracted and reformatted and sent based on

Commission's input.

Director Williams departed the meeting room at 4:52 p.m.

Nicole Daily of City of Lake Elsinore said that the City is working on a Task Force of regional agencies to engage in what is coming next and what can be changed and what the options are. The meetings are held once a month. The City also has acquired a Federal Lobbyist to assist them along the way. Director Jeffries said that's an open public process which is good, but we need legal advice in closed session as well.

Chair Magee proposed a motion that we author a letter to retract the initial March 26, 2018 letter, notifying FERC that all members present voted in support of the retraction, and will continue our discussions in closed session and in open session as permitted. He asked LESJWA staff to set up a future Special LESJWA Board meeting and invite Nevada Hydro to the table.

MOVED, approve and authorize staff in issuing a letter to retract the initial letter dated March 26, 2018, notifying FERC that all members present voted in support of the retraction and will continue the discussion in closed session and open session as permitted.

Result:	Adopted (Unanimously)
Motion/Second:	Magee/Jeffries
Ayes:	Jeffries, Magee, Warren
Nays:	None
Abstentions:	None
Absent:	Dennstedt, Williams

8. ADMINISTRATOR'S COMMENTS

Mark Norton thanked LESJWA Board Clerk, Dawna Munson, who is retiring, for her 16 years of service to LESJWA.

9. DIRECTORS' COMMENTS

Director Warren apologized for not being able to attend the LESJWA Water Summit.

10. ADJOURNMENT

There being no further business for review, Chair Magee adjourned the meeting at 4:58 p.m.

Approved at a Regular Meeting of the Lake Elsinore & San Jacinto Watersheds Authority Board of Directors Meeting on Wednesday, June 27, 2018.

Brenda Dennstedt, Chair

Attest:

Sara Villa, Clerk of the Board

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Lake Elsinore and San Jacinto Watersheds Authority

FINANCIAL STATEMENTS

March 2018

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 3/31/18

Balance as of 2/28/18	\$	946,554.81
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Funds Received

Deposits:

GEI Consultants	\$	500.00
WMWD	\$	1,000.00

Open - Grant Invoices

DWR - Prop 84 Grant - Inv 1 Retention	\$	6,502.97
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 Retention	\$	6,342.40
DWR - Prop 84 Grant - Inv 5 Retention	\$	17,814.74
DWR - Prop 84 Grant - Inv 6 Retention	\$	1,361.88
RCFCD - Summit Sponsorship	\$	500.00
	\$	35,088.31

Open - Member & Other Contributions

Total Due LESJWA	\$	35,088.31
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Disbursement List - March 2018		(92,370.45)
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Funds Available as of 03/31/18	\$	855,684.36
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Funds Available:

Checking	\$	81,496.63
LAIF	\$	774,187.73
Total	\$	855,684.36

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2011 - 2018
as of March 31, 2018

Agency	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
March ARB	10,000.00	13,050.00	12,500.00	35,226.00	25,176.00	38,321.00	29,864.00
CalTrans	10,000.00	13,050.00	12,500.00	28,656.00	26,072.00	40,421.00	31,964.00
City of Beaumont	3,900.00	1,865.00	19,263.00	24,280.00	26,866.00	37,421.00	28,128.00
City of Canyon Lake	3,396.00	644.00	18,389.00	34,863.00	24,142.00	42,521.00	33,586.00
City of Hemet	22,696.00	6,286.00	18,175.00	25,510.00	27,958.00	54,278.00	36,426.00
City of Lake Elsinore	73,133.00	-	19,381.00	30,580.00	32,463.00	37,421.00	22,330.00
City of Menifee	20,458.00	23,649.00	44,155.00	55,821.00	23,584.00	100,499.00	100,906.00
City of Moreno Valley	52,520.00	15,425.00	103,565.00	113,058.00	17,750.00	96,414.00	74,122.00
City of Murrieta	650.00	-	12,426.00	24,280.00	26,866.00	38,321.00	31,337.00
City of Perris	16,580.00	5,752.00	18,869.00	26,739.00	29,050.00	59,821.00	50,374.00
City of Riverside	2,965.00	1,575.00	17,641.00	24,280.00	26,866.00	38,921.00	30,293.00
City of San Jacinto	11,133.00	4,315.00	19,487.00	24,280.00	26,866.00	37,721.00	23,290.00
City of Wildomar	3,859.00	4,461.00	8,307.00	19,528.00	26,460.00	41,642.00	28,841.00
County of Riverside	32,919.00	-	30,165.00	36,469.00	30,362.00	68,931.00	69,034.00
Dept of Fish and Game	10,000.00	13,050.00	12,500.00	18,435.00	28,840.00	35,121.00	22,857.00
Eastern Municipal Water District	10,000.00	13,050.00	12,500.00	16,225.00	23,525.00	27,789.00	15,724.00
Elsinore Valley Municipal Water District	61,070.00	-	12,500.00	16,225.00	23,525.00	30,361.00	18,327.00
March JPA	10,000.00	13,050.00	12,500.00	24,485.00	27,160.00	38,921.00	30,464.00
San Jacinto Agricultural Operators	14,011.00	28,278.00	12,500.00	47,549.00	23,530.58	45,785.00	31,391.00
San Jacinto Dairy & CAFO Operators	10,000.00	10,211.00	12,500.00	16,225.00	-	-	-
Total	379,290.00	167,711.00	429,823.00	642,714.00	497,061.58	910,630.00	709,258.00
Total Paid Contributions	379,290.00	167,711.00	429,823.00	642,714.00	497,061.58	910,630.00	709,258.00
Total Outstanding Contributions	-	-	-	-	-	-	-
Total Outstanding Contributions							
	-	-	-	-	-	-	-
Total Outstanding All Years	-	-	-	-	-	-	-

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Nine Months Ending Saturday, March 31, 2018

Assets

Checking - US Bank	\$81,496.63
L.A.I.F.	774,187.73
Accounts Receivable	35,088.31
Total Assets	<u>\$890,772.67</u>

Liabilities

Accounts Payable	126,022.93
Total Liabilities	<u>\$126,022.93</u>

Retained Earnings	729,529.61
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Excess Revenue over (under) Expenditures	<u>\$35,220.13</u>
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Total Net Assets	<u>\$764,749.74</u>
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Total Liabilities and Net Assets	<u>\$890,772.67</u>
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Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Nine Months Ending Saturday, March 31, 2018

	Period Actual	YTD Actual	Annual Budget	% Used	Budget Variance
Revenues					
State Grant Proceeds	\$0.00	\$34,588.31	\$0.00	0.00%	(\$34,588.31)
LAIF Interest	0.00	5,300.47	2,440.00	217.23%	(2,860.47)
Member Agency Contributions	0.00	253,277.00	263,277.00	96.20%	10,000.00
Other Agency Contributions	0.00	565,981.00	585,982.00	96.59%	20,001.00
Miscellaneous Revenue	2,000.00	3,000.00	0.00	0.00%	(3,000.00)
Total Revenues	\$2,000.00	\$862,146.78	\$851,699.00	101.23%	(\$10,447.78)
Expenses					
Salaries - Regular	5,055.74	52,018.18	67,187.00	77.42%	15,168.82
Payroll Burden	2,209.36	22,731.91	29,360.00	77.42%	6,628.09
Overhead	7,133.65	73,397.65	94,800.00	77.42%	21,402.35
Audit Fees	0.00	5,500.00	5,500.00	100.00%	0.00
Consulting - General	66,099.06	668,893.59	683,735.00	97.83%	14,841.41
Legal Fees	918.75	1,618.75	500.00	323.75%	(1,118.75)
Meeting & Conference Expense	71.77	139.72	100.00	139.72%	(39.72)
Shipping & Postage	0.00	0.00	50.00	0.00%	50.00
Other Expense	0.00	0.00	50.00	0.00%	50.00
LEAMS Excess Offset Credit	0.00	0.00	107,824.00	0.00%	107,824.00
Insurance Expense	0.00	2,536.00	2,485.00	102.05%	(51.00)
Interest Expense	0.00	90.85	50.00	181.70%	(40.85)
Total Expenditures	\$81,488.33	\$826,926.65	\$991,641.00	83.39%	\$164,714.35
Excess Revenue over (under) Expenditures	(\$79,488.33)	\$35,220.13	(\$139,942.00)	-25.17%	(\$175,162.13)

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending March 31, 2018

	JPA		TMDL				Budget	% Used	Budget	Variance
	Administration		Task Force		Total					
Revenues										
State Grant Proceeds	\$	-	\$	34,588.31	\$	34,588.31	\$	-	100.00%	\$ (34,588.31)
LAIF Interest		5,300.47		-		5,300.47		2,440.00	217.23%	(2,860.47)
Member Agency Contributions		110,000.00		143,277.00		253,277.00		263,277.00	96.20%	10,000.00
Other Agency Contributions		-		565,981.00		565,981.00		585,982.00	96.59%	20,001.00
Miscellaneous Revenue	\$	3,000.00	\$	-	\$	3,000.00	\$	-	100.00%	\$ (3,000.00)
Total Revenues	\$	115,300.47	\$	743,846.31	\$	862,146.78	\$	851,699.00	101.23%	\$ (10,447.78)
Expenditures										
Salaries	\$	20,505.61	\$	31,512.57		52,018.18	\$	67,187.00	77.42%	\$ 15,168.82
Benefits		8,960.94		13,770.97		22,731.91		29,360.00	77.42%	6,628.09
Indirect Costs		28,933.41		44,464.24		73,397.65		94,800.00	77.42%	21,402.35
Audit Fees		5,500.00		-		5,500.00		5,500.00	100.00%	-
Consulting		17,465.70		651,427.89		668,893.59		683,735.00	97.83%	14,841.41
Legal Fees		1,618.75		-		1,618.75		500.00	0.00%	(1,118.75)
Meeting & Conference Expense		30.50		109.22		139.72		100.00	139.72%	(39.72)
Shipping & Postage				-		-		50.00	0.00%	50.00
Other Expense		-		-		-		50.00	0.00%	50.00
LEAMS Excess Offset Credit		-		-		-		107,824.00	0.00%	107,824.00
Insurance Expense		2,536.00		-		2,536.00		2,485.00	102.05%	(51.00)
Interest Expense		90.85		-		90.85		50.00	181.70%	(40.85)
Total Expenditures	\$	85,641.76	\$	741,284.89	\$	826,926.65	\$	991,641.00	83.39%	\$ 164,714.35
Excess Revenue over (under) Expenditures	\$	29,658.71	\$	2,561.42	\$	35,220.13	\$	(139,942.00)	100.00%	\$ (175,162.13)
Cash Balance @ 3/31/18	\$	89,571.30	\$	766,113.06	\$	855,684.36				

**Lake Elsinore San Jacinto
Watershed Authority
Disbursements
March 2018**

Check #	Check Date	Type	Vendor	Check Amount
EFT147	3/2/2018	CHK	DeGrave Communications	\$ 4,286.44
EFT148	3/8/2018	CHK	CDM Smith Inc	\$ 36,805.82
EFT149	3/8/2018	CHK	AquaTechnex LLC	\$ 25,450.00
EFT150	3/16/2018	CHK	Santa Ana Watershed Project Authority	\$ 12,835.62
EFT151	3/22/2018	CHK	Risk Sciences	\$ 4,963.81
EFT152	3/22/2018	CHK	Amec Foster Wheeler Environment	\$ 6,595.94
EFT153	3/30/2018	CHK	DeGrave Communications	\$ 1,432.82
Total Disbursements March 2018				<u>\$ 92,370.45</u>

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Lake Elsinore and San Jacinto Watersheds Authority

FINANCIAL STATEMENTS

April 2018

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
CASH FLOW STATEMENT
AS OF 4/30/18

Balance as of 3/31/18	\$	855,684.36
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Funds Received

Deposits:

Amec Foster Wheeler	\$	500.00
RCFCD	\$	500.00
Steve Libring	\$	30.00
Canyon Lake POA	\$	60.00
LAIF Interest	\$	3,397.11

Open - Grant Invoices

DWR - Prop 84 Grant - Inv 1 Retention	\$	6,502.97
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 Retention	\$	6,342.40
DWR - Prop 84 Grant - Inv 5 Retention	\$	17,814.74
DWR - Prop 84 Grant - Inv 6 Retention	\$	1,361.88
	\$	34,588.31

Open - Member & Other Contributions

Total Due LESJWA	\$	<u>34,588.31</u>
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Disbursement List - April 2018		<u>(182,846.50)</u>
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Funds Available as of 04/30/18	\$	<u>677,324.97</u>
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Funds Available:

Checking	\$	49,740.13
LAIF	\$	627,584.84
Total	\$	<u>677,324.97</u>

Lake Elsinore San Jacinto Watersheds Authority
LE/CL TMDL Invoice History
FYE 2011 - 2018
as of April 30, 2018

Agency	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
March ARB	10,000.00	13,050.00	12,500.00	35,226.00	25,176.00	38,321.00	29,864.00
CalTrans	10,000.00	13,050.00	12,500.00	28,656.00	26,072.00	40,421.00	31,964.00
City of Beaumont	3,900.00	1,865.00	19,263.00	24,280.00	26,866.00	37,421.00	28,128.00
City of Canyon Lake	3,396.00	644.00	18,389.00	34,863.00	24,142.00	42,521.00	33,586.00
City of Hemet	22,696.00	6,286.00	18,175.00	25,510.00	27,958.00	54,278.00	36,426.00
City of Lake Elsinore	73,133.00	-	19,381.00	30,580.00	32,463.00	37,421.00	22,330.00
City of Menifee	20,458.00	23,649.00	44,155.00	55,821.00	23,584.00	100,499.00	100,906.00
City of Moreno Valley	52,520.00	15,425.00	103,565.00	113,058.00	17,750.00	96,414.00	74,122.00
City of Murrieta	650.00	-	12,426.00	24,280.00	26,866.00	38,321.00	31,337.00
City of Perris	16,580.00	5,752.00	18,869.00	26,739.00	29,050.00	59,821.00	50,374.00
City of Riverside	2,965.00	1,575.00	17,641.00	24,280.00	26,866.00	38,921.00	30,293.00
City of San Jacinto	11,133.00	4,315.00	19,487.00	24,280.00	26,866.00	37,721.00	23,290.00
City of Wildomar	3,859.00	4,461.00	8,307.00	19,528.00	26,460.00	41,642.00	28,841.00
County of Riverside	32,919.00	-	30,165.00	36,469.00	30,362.00	68,931.00	69,034.00
Dept of Fish and Game	10,000.00	13,050.00	12,500.00	18,435.00	28,840.00	35,121.00	22,857.00
Eastern Municipal Water District	10,000.00	13,050.00	12,500.00	16,225.00	23,525.00	27,789.00	15,724.00
Elsinore Valley Municipal Water District	61,070.00	-	12,500.00	16,225.00	23,525.00	30,361.00	18,327.00
March JPA	10,000.00	13,050.00	12,500.00	24,485.00	27,160.00	38,921.00	30,464.00
San Jacinto Agricultural Operators	14,011.00	28,278.00	12,500.00	47,549.00	23,530.58	45,785.00	31,391.00
San Jacinto Dairy & CAFO Operators	10,000.00	10,211.00	12,500.00	16,225.00	-	-	-
Total	379,290.00	167,711.00	429,823.00	642,714.00	497,061.58	910,630.00	709,258.00
Total Paid Contributions	379,290.00	167,711.00	429,823.00	642,714.00	497,061.58	910,630.00	709,258.00
Total Outstanding Contributions	-	-	-	-	-	-	-
Total Outstanding Contributions	-	-	-	-	-	-	-
Total Outstanding All Years	-	-	-	-	-	-	-

Lake Elsinore/San Jacinto Watershed Authority
Statement of Net Assets
For the Ten Months Ending Monday, April 30, 2018

Assets

Checking - US Bank	\$49,740.13
L.A.I.F.	627,584.84
Accounts Receivable	34,588.31
Total Assets	<u>\$711,913.28</u>

Liabilities

Accounts Payable	82,836.49
Total Liabilities	<u>\$82,836.49</u>

Retained Earnings	729,529.61
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Excess Revenue over (under) Expenditures	<u>(\$100,452.82)</u>
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Total Net Assets	<u>\$629,076.79</u>
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Total Liabilities and Net Assets	<u><u>\$711,913.28</u></u>
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Lake Elsinore/San Jacinto Watershed Authority
Revenues, Expenses and Changes in Net Assets
For the Ten Months Ending Monday, April 30, 2018

	Period Actual	YTD Actual	Annual Budget	% Used	Budget Variance
Revenues					
State Grant Proceeds	\$0.00	\$34,588.31	\$0.00	0.00%	(\$34,588.31)
LAIF Interest	3,397.11	8,697.58	2,440.00	356.46%	(6,257.58)
Member Agency Contributions	0.00	253,277.00	263,277.00	96.20%	10,000.00
Other Agency Contributions	0.00	565,981.00	585,982.00	96.59%	20,001.00
Miscellaneous Revenue	590.00	3,590.00	0.00	0.00%	(3,590.00)
Total Revenues	\$3,987.11	\$866,133.89	\$851,699.00	101.69%	(\$14,434.89)
Expenses					
Salaries - Regular	4,977.20	56,995.38	67,187.00	84.83%	10,191.62
Payroll Burden	2,175.04	24,906.95	29,360.00	84.83%	4,453.05
Overhead	7,022.83	80,420.48	94,800.00	84.83%	14,379.52
Audit Fees	0.00	5,500.00	5,500.00	100.00%	0.00
Consulting - General	17,399.49	686,293.08	683,735.00	100.37%	(2,558.08)
LEAMS Offset Credit License	107,823.00	107,823.00	0.00	0.00%	(107,823.00)
Legal Fees	262.50	1,881.25	500.00	376.25%	(1,381.25)
Meeting & Conference Expense	0.00	139.72	100.00	139.72%	(39.72)
Shipping & Postage	0.00	0.00	50.00	0.00%	50.00
Other Expense	0.00	0.00	50.00	0.00%	50.00
LEAMS Excess Offset Credit	0.00	0.00	107,824.00	0.00%	107,824.00
Insurance Expense	0.00	2,536.00	2,485.00	102.05%	(51.00)
Interest Expense	0.00	90.85	50.00	181.70%	(40.85)
Total Expenditures	\$139,660.06	\$966,586.71	\$991,641.00	97.47%	\$25,054.29
Excess Revenue over (under) Expenditures	(\$135,672.95)	(\$100,452.82)	(\$139,942.00)	71.78%	(\$39,489.18)

Lake Elsinore San Jacinto Watersheds Authority
Revenues, Expenses and Changes in Net Assets by Project
For the Month Ending April 30, 2018

	JPA		TMDL				Budget	% Used	Budget	Variance
	Administration		Task Force		Total					
Revenues										
State Grant Proceeds	\$	-	\$	34,588.31	\$	34,588.31	\$	-	100.00%	\$ (34,588.31)
LAIF Interest		8,697.58		-		8,697.58		2,440.00	356.46%	(6,257.58)
Member Agency Contributions		110,000.00		143,277.00		253,277.00		263,277.00	96.20%	10,000.00
Other Agency Contributions		-		565,981.00		565,981.00		585,982.00	96.59%	20,001.00
Miscellaneous Revenue	\$	3,590.00	\$	-	\$	3,590.00	\$	-	100.00%	\$ (3,590.00)
Total Revenues	\$	118,697.58	\$	743,846.31	\$	866,133.89	\$	851,699.00	101.69%	\$ (14,434.89)
Expenditures										
Salaries	\$	23,095.74	\$	33,899.64		56,995.38	\$	67,187.00	84.83%	\$ 10,191.62
Benefits		10,092.83		14,814.12		24,906.95		29,360.00	84.83%	4,453.05
Indirect Costs		32,588.08		47,832.40		80,420.48		94,800.00	84.83%	14,379.52
Audit Fees		5,500.00		-		5,500.00		5,500.00	100.00%	-
Consulting		26,924.83		659,368.25		686,293.08		683,735.00	100.37%	(2,558.08)
Legal Fees		1,881.25		-		1,881.25		500.00	0.00%	(1,381.25)
Meeting & Conference Expense		30.50		109.22		139.72		100.00	139.72%	(39.72)
Shipping & Postage				-		-		50.00	0.00%	50.00
Other Expense		-		-		-		50.00	0.00%	50.00
LEAMS Excess Offset Credit		-		107,823.00		107,823.00		107,824.00	100.00%	1.00
Insurance Expense		2,536.00		-		2,536.00		2,485.00	102.05%	(51.00)
Interest Expense		90.85		-		90.85		50.00	181.70%	(40.85)
Total Expenditures	\$	102,740.08	\$	863,846.63	\$	966,586.71	\$	991,641.00	97.47%	\$ 25,054.29
Excess Revenue over (under) Expenditures	\$	15,957.50	\$	(120,000.32)	\$	(100,452.82)	\$	(139,942.00)	100.00%	\$ (39,489.18)
Cash Balance @ 4/30/18	\$	84,367.72	\$	592,957.25	\$	677,324.97				

**Lake Elsinore San Jacinto
Watershed Authority
Disbursements
April 2018**

Check #	Check Date	Type	Vendor	Check Amount
1088	4/13/2018	CHK	City of Lake Elsinore	\$ 35,941.00
1089	4/13/2018	CHK	Riverside, County of	\$ 35,941.00
EFT154	4/5/2018	CHK	CDM Smith Inc	\$ 26,853.43
EFT155	4/13/2018	CHK	Law Office of David L. Wysocki	\$ 918.75
EFT156	4/13/2018	CHK	Elsinore Valley Municipal Water District	\$ 35,941.00
EFT157	4/13/2018	CHK	Santa Ana Watershed Project Authority	\$ 14,470.52
EFT158	4/13/2018	CHK	Amec Foster Wheeler Environment	\$ 17,681.17
EFT159	4/27/2018	CHK	Risk Sciences	\$ 12,163.48
EFT160	4/27/2018	CHK	DeGrave Communications	\$ 2,936.15
Total Disbursements April 2018				<u>\$ 182,846.50</u>

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LESJWA BOARD MEMORANDUM NO. 831

DATE: June 27, 2018

SUBJECT: Education and Outreach Program – Consultant Support

TO: LESJWA Board of Directors

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

RECOMMENDATION

Staff recommends that the Board of Directors exercise the option of approving and extending the multi-year Task Order No. DEGR477-02 with DeGrave Communications for an amount not-to-exceed \$40,000 (\$20,000/yr) for the LESJWA Education and Outreach Program for Fiscal Years 2018-19 and 2019-2020.

BACKGROUND

On April 16, 2015, the LESJWA Board approved a three-year contract with DeGrave Communications to conduct LESJWA Education and Outreach activities as defined in the attached scope of work. When this contract was approved it was approved with an option to continue the work for an additional two years based on the LESJWA Board approval and the staff of DeGrave Communications meeting the expectations and needs for LESJWA education and outreach program. Based on past successes and interactions with the media, with Temescal Canyon High School teachers and students and the recent LESJWA Water Summit in which DeGrave Communications organized, LESJWA staff fully recommends the extension of the contract with DeGrave Communications for an additional two years.

Staff therefore recommends that the LESJWA Board approve a two year Agreement for Services and Task Order DEGR477-04 with DeGrave Communications. A budget of \$20,000/yr for the two year period for a total of \$40,000 for such services is included in the task order.

After the end of the two year period of support, staff recommends that LESJWA consider issuing a new Request for Proposals to ensure adequate fairness, neutrality and competitiveness among firms for such services.

BUDGET IMPACT

A budget of \$20,000 for LESJWA Education and Outreach support services is included in the approved LESJWA FY 2018-19 Budget.

Attachments:

1. Agreement for Services
2. Task Order No. DEGR477-04
3. Scope of Work

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LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT

This Agreement is made this **27th day of June, 2018** by and between the Lake Elsinore & San Jacinto Watersheds Authority (LESJWA) whose address is 11615 Sterling Avenue, Riverside, CA 92503, and **DeGrave Communications** whose address is 40575 Cal Oaks Road, D-2 #137, Murrieta, CA 92562.

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, 2020**, 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 policy 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; waived~~
- 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, or in some occurrences such as term extensions, the Authority Administrator.

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

Brenda Dennstedt, LESJWA Chair	Date
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DEGRAVE COMMUNICATIONS

Liselle DeGrave, Principal
Date

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY
TASK ORDER NO. DEGR477-04

CONSULTANT: DeGrave Communications
40575 Cal Oaks Road, D-2 #137
Murrieta, CA 92562

VENDOR NO. 1733

COST: \$40,000.00

PAYMENT: Upon Receipt of Invoice

REQUESTED BY: Mark Norton, Authority Administrator

June 27, 2018

FINANCE: _____
Karen Williams, CFO Date

FINANCING SOURCE: Acct. Coding 150-NON-C-6113-01
Acct. Description General Consulting

BOARD AUTHORIZATION REQUIRED: YES (X) NO ()
Authorization: June 27, 2018; LES831

This Task Order is issued upon approval and acceptance by the Lake Elsinore & San Jacinto Watersheds Authority (LESJWA) and DeGrave Communications (Consultant) pursuant to the Agreement for Services between LESJWA and Consultant entered into on June 27, 2018; expiring December 31, 2020.

I. PROJECT NAME OR DESCRIPTION

LESJWA Education and Outreach Consulting Services for FY 2018-19 & FY 2019-20.

II. SCOPE OF WORK / TASKS TO BE PERFORMED

Consultant shall provide all labor, materials, and equipment for the Project to perform the task of developing a public relations and communications plan for the Lake Elsinore & San Jacinto Watersheds Authority (LESJWA), as detailed in Attachment A - Scope of Work. This is the first of two task orders approved June 27, 2018.

The Scope of Work tasks are subject to approval by the Education and Outreach Committee and may be subject to modification depending on LESJWA's communications needs.

III. PERFORMANCE TIME FRAME

Consultant shall begin work July 1, 2018 and shall complete performance of such services by or before **June 30, 2020**.

IV. LESJWA LIAISON

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 **\$40,000.00** in accordance with the proposal's rate schedule/ compensation budget. The total contract value approved is \$40,000; \$20,000 per year for the LESJWA Education and Outreach Program for FY 2018-19 and FY 2019-20.

Payment for such services shall be made within 30 days upon receipt of proper and timely 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

Brenda Dennstedt, LESJWA Chair	Date
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DEGRAVE COMMUNICATIONS

Liselle DeGrave, Principal
Date

LESJWA Education and Outreach 2018 - 2019

Scope of Work

DeGrave Communications will provide education and outreach support services to the Lake Elsinore & San Jacinto Watersheds Authority.

TASK 1- Conduct Outreach Services in Canyon Lake and Lake Elsinore

DeGrave Communications will work closely with the LESJWA E&O team to support the organization with outreach relating to increasing community awareness. We will manage the LESJWA Facebook page: create content, share content, post photos/video and respond to comments.

DeGrave Communications will set-up, staff and operate LESJWA information booths at various events, including EVMWD Splash into Spring, CL Fiesta Day and the SAWPA/ OWOW annual conference.

TASK 2 – Address Canyon Lake and Lake Elsinore Community Members Through Media Outreach

DeGrave Communications will support LESJWA to provide media relations support. Media relations will include, but not limited to: news release/ media advisory/ public service announcement writing, media pitching, securing media coverage, coordinating media briefings, in addition to supporting during times of crisis with media management.

All media outreach will be focused on the specific goals of the organization, while tying them in to relevant, timely, newsworthy issues, therefore increasing the opportunity for coverage.

TASK 3 – Provide Outreach and Administration for Project Management Purposes

DeGrave Communications will serve LESJWA by offering feedback in regards to program effectiveness. Monthly activity reports will be provided to LESJWA with accomplished monthly tasks and outreach efforts, and effectiveness. DeGrave Communications will meet with the Board and provide strategic counsel as needed, in addition to attending quarterly meetings with the Education and Outreach Committee. A mid-year overall program evaluation will be presented twice a year.

TASK 4 – Provide Issues Management Services

DeGrave Communications will work to foresee possible crises' that may arise. By being prepared and proactive for various issues that can be potential crises, the crisis can be diverted into a controlled and well-managed opportunity to demonstrate the Organization's effective management of the watershed. Staff will be available to serve to counsel and support as needed during issue management and potentially critical times.

ON-GOING PUBLIC OUTREACH SUPPORT

Upon acceptance of a contract with LESJWA, DeGrave Communications will be available to begin support to staff/ Board to assist with outreach efforts identified in the LESJWA communication services, as well as additional staff support on an as-needed basis.



Liselle Regueiro DeGrave
Principal/ Public Relations Consultant
DeGrave Communications

LESJWA Education and Outreach 2019 - 2020

Scope of Work

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TASK 1- Conduct Outreach Services in Canyon Lake and Lake Elsinore

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All media outreach will be focused on the specific goals of the organization, while tying them in to relevant, timely, newsworthy issues, therefore increasing the opportunity for coverage.

TASK 3 - Prepare Materials and Coordinate the LESJWA Water Summit Event Planning

DeGrave Communications will manage all aspects of the annual LESJWA Water Summit, as requested. We will create and distribute electronic invitations, manage the RSVP list, develop and assemble informational packets for attendees, manage media (promote event, pitch interview opportunities, work towards securing coverage), provide logistical support prior-to and during the event, work with all vendors (caterer, rentals, décor) to create an event that represents the goals of organization.

TASK 4 – Provide Outreach and Administration for Project Management Purposes

DeGrave Communications will serve LESJWA by offering feedback in regards to program effectiveness. Monthly activity reports will be provided to LESJWA with accomplished monthly tasks and outreach efforts, and effectiveness. DeGrave Communications will meet with the Board and provide strategic counsel as needed, in addition to attending quarterly meetings with the Education and Outreach Committee. A mid-year overall program evaluation will be presented twice a year.

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Upon acceptance of a contract with LESJWA, DeGrave Communications will be available to begin support to staff/ Board to assist with outreach efforts identified in the LESJWA communication services, as well as additional staff support on an as-needed basis.



Liselle Regueiro DeGrave
Principal/ Public Relations Consultant
DeGrave Communications

LESJWA BOARD MEMORANDUM NO. 832

DATE: June 27, 2018
SUBJECT: Audit Contract
TO: LESJWA Board of Directors
FROM: Karen Williams, Chief Financial Officer

RECOMMENDATION

Staff recommends that the Board of Directors receive and file the Engagement letter for the FYE 2018 Audit and State Controllers Report preparation with Teaman, Ramirez & Smith, Inc. and authorize the chairman to sign it.

DISCUSSION

Every three to five years, SAWPA completes a request for proposal (RFP) for audit services as a best business practice. The prior auditor White Nelson Diehl Evans had been providing audit services to SAWPA and LESJWA for the last five years. Earlier this year, we completed the RFP process and contracted with Teaman, Ramirez & Smith, Inc. to provide audit services for both SAWPA and LESJWA.

At the beginning of the contract process it is required under government auditing standards to sign an engagement letter outlining the services provided by the audit firm, and another letter outlining the responsibilities of each party. In the past, this letter needed to be signed by Agency management only. As a new requirement that the auditor must communicate the engagement terms to the governing body in addition to management, the engagement letter must also be signed by a board member. The engagement letter is attached and will need to be signed by LESJWA's chair and Mark Norton.

RESOURCES IMPACT

Audit services will be provided to LESJWA in the amount of \$5,000 per year. This amount is which is included in the FYE 2019 Budget.

Attachments:

1. LESJWA Engagement Letter dated May 30, 2018.
2. LESJWA Party Responsibilities letter dated May 30, 2018.

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May 30, 2018

Lake Elsinore and San Jacinto Watersheds Authority
11615 Sterling Avenue
Riverside, CA 92503

We are pleased to confirm our understanding of the services we are to provide the Lake Elsinore and San Jacinto Watersheds Authority (the "Authority") for the fiscal year ending June 30, 2018. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Lake Elsinore and San Jacinto Watersheds Authority as of and for the year ending June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Lake Elsinore and San Jacinto Watersheds Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. As part of our engagement, we will apply certain limited procedures to the Lake Elsinore and San Jacinto Watersheds Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Proportionate Share of the Net Pension Liability
3. Schedule of Contributions – Pension
4. Schedule of Changes in the Net OPEB Liability and Related Ratios
5. Schedule of Contributions - OPEB

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Transmittal Letter and Other Introductory Section Information

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our

audit of the Authority's financial statements. Our report will be addressed to the Board of Commissioners of the Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports, or may withdraw from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with U.S. generally accepted accounting principles and prepare the State Controllers Report (see separate engagement letter) in conformity of the requirements of the California State Controller's Office based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the service in accordance with applicable professional standards. The other services are limited to the financial statement services and preparation of the State Controller's Report previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience, evaluate the adequacy and results of those services; and accept responsibility for them.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the Authority's website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Teaman, Ramirez & Smith, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to federal cognizant or grantor agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Teaman, Ramirez & Smith, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date for any additional period requested by a regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit July 2018 and to issue our reports no later than October 2018. Joshua Calhoun is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$5,000. Our invoices for these fees will be rendered as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Also, the above fee does not include a Single Audit in accordance with OMB Uniform Guidance which relates to federal grants. If it is determined that a Single Audit is required due to the Authority's receipt of federal grants, we will negotiate additional fees at that time. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Lake Elsinore and San Jacinto Watersheds Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

TEAMAN, RAMIREZ & SMITH, INC.



Joshua J. Calhoun
Certified Public Accountant

Response:

This letter correctly sets forth the understanding of the Lake Elsinore and San Jacinto Watersheds Authority.

Management Signature: _____

Title: _____

Date: _____

Board Member Signature: _____

Title: _____

Date: _____

May 30, 2018

Lake Elsinore and San Jacinto Watersheds Authority
11615 Sterling Avenue
Riverside, CA 92503

We are pleased to confirm our acceptance and understanding of the services we are to provide for the year ended June 30, 2018.

You have requested that we will prepare the Annual Financial Transactions Report (State Controller's Report) of the Lake Elsinore and San Jacinto Watersheds Authority (the "Authority") as of and for the year ended June 30, 2018 in the forms prescribed by the California State Controller and perform a compilation engagement with respect to the State Controller's Report.

The supplementary information accompanying the compiled State Controller's Report will be presented for purposes of additional analysis. The supplementary information (U.S. Bureau of the Census form) will be compiled from information that is the representation of management. We will not compile the Government Compensation in California (GCC) Report, parcel tax reporting or other supplementary information. We will not audit or review the supplementary information. We will not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

We will assist the Administration in adjusting the books of accounts with the objective that the Administration will be able to prepare a working trial balance from which the State Controller's Reports can be prepared. The Administration will provide us with a detailed trial balance and any supporting schedules we require.

Our Responsibilities

The objective of our engagement is to—

- 1) prepare the State Controller's Reports in accordance with the format prescribed by the California State Controller based on information provided by you and in accordance with accounting principles generally accepted in the United States of America, and
- 2) apply accounting and financial reporting expertise to assist you in the presentation of the State Controller's Reports without undertaking to obtain or provide any assurance that there are no material modifications that should be made to those forms in order for them to be in accordance with the format prescribed by the California State Controller and accounting principles generally accepted in the United States of America.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the State Controller's Reports.

Our engagement cannot be relied upon to identify or disclose any misstatements in the State Controller's Reports, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Authority or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to assist you in the preparation of the State Controller's Reports in accordance with the format prescribed by the California State Controller and accounting principles generally accepted in the United States of America and assist you in the presentation of the State Controller's Reports in accordance with the format prescribed by the California State Controller and accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- 1) The selection of the format prescribed by the California State Controller and accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the State Controller's Reports.
- 2) The preparation and fair presentation of the State Controller's Reports in accordance with the format prescribed by the California State Controller and the accounting principles generally accepted in the United States of America.
- 3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the State Controller's Reports that are free from material misstatement, whether due to fraud or error.
- 4) The prevention and detection of fraud.
- 5) To ensure that the Authority complies with the laws and regulations applicable to its activities.
- 6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 7) To provide us with—
 - access to all information of which you are aware that is relevant to the fair presentation of the State Controller's Reports and supplementary information, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the compilation engagement.
 - unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our services and the preparation of your State Controller's Reports. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the State Controller's Reports and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. There may be circumstances in which the report differs from the expected form and content. If, for any reason, we are unable to complete the compilation of your State Controller's Reports, we will not issue a report on such prescribed forms as a result of this engagement.

Our reports will disclose that the State Controller's Reports are presented in a prescribed form in accordance with the requirements of the California State Controller and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing the State Controller's Reports that indicates we have performed a compilation engagement on such prescribed forms and, prior to inclusion of the report, to ask our permission to do so.

Other Relevant Information

Joshua Calhoun is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee to prepare the report is included in the fee quoted in the engagement letter to conduct the June 30, 2018 financial audit of the Authority dated May 30, 2018. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

TEAMAN, RAMIREZ & SMITH, INC.



Joshua J. Calhoun
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Lake Elsinore and San Jacinto Watersheds Authority.

Management Signature: _____

Title: _____

Date: _____

Board Member Signature: _____

Title: _____

Date: _____

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LESJWA BOARD MEMORANDUM NO. 834

DATE: June 27, 2018

SUBJECT: Lake Conditions 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 from Nicole Dailey, City of Lake Elsinore, and LESJWA staff about the Lake Elsinore and Canyon Lake water quality conditions.

BACKGROUND

Due to continuing drought conditions with extremely low runoff from last winter, the lake levels at Lake Elsinore and Canyon Lake continue to drop in elevation. The dropping elevation has exacerbated the nutrient concentrations which increase algae growth and result in oxygen fluctuations that often cause fish kills. On May 29 – 31st there was a minor die-off of threadfin shad at four locations around Lake Elsinore. Fortunately, fire crews were available to assist City crews in quickly removing the dead fish resulting in little to no media attention.

At Canyon Lake, conditions in the Main body of the lake still show good clarity. However, conditions have deteriorated somewhat in the East Bay coves where a brown colored algae has become prevalent. Algae speciation testing was conducted by Wood (formerly AMEC Foster Wheeler) funded by the LE/CL TMDL Task Force at various locations in the East Bay coves to determine if the algae was toxic “golden” algae. Based on tests, the dominant algae species was *Pseudanabaena* sp., a form of blue green algae which can produce the toxin microcystin. None of the Golden Algae were observed in these East Bay samples. Toxicity testing was not conducted but as evidenced in the past testing, blue green algae can produce cyanotoxins which can be harmful if ingested especially by pets depending on the toxin concentrations. The results of this testing were shared with EVMWD, City of Canyon Lake and Canyon Lake POA officials. Similar to previous years, it is likely the brown algae will die off within a few weeks and sink to the bottom of the lake.

Nicole Dailey, Sr. Management Analyst at the City of Lake Elsinore, and a member of the LESJWA Education and Outreach Committee will provide a presentation about the recent Lake Elsinore conditions. LESJWA, through the LE/CL TMDL Task Force, continues to conduct ongoing water quality sampling at both lakes and will keep the LESJWA Board aware of any new developments. Further, the LESJWA Education and Outreach consultant, DeGrave Communications, is available for any public relations needs associated with both lakes.

BUDGET IMPACT

No impact.

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LESJWA BOARD MEMORANDUM NO. 835

DATE: June 27, 2018

SUBJECT: 2016 Excess Offset Credit Annual Accounting Report, Lake Elsinore Aeration & Mixing System (LEAMS)

TO: LESJWA Board of Directors

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

RECOMMENDATION

Staff recommends that the Board of Directors receive and file the annual report summarizing the offset credits generated by the Lake Elsinore Aeration & Mixing System (LEAMS) in calendar year 2016.

BACKGROUND

In April 2011, Risk Sciences, regulatory consultant for LESJWA and the LE/CL TMDL Task Force, was authorized by the LESJWA Board to develop supplemental provisions to the Lake Elsinore Aeration System Operation and Maintenance Agreement to incorporate a system by which an offset credit agreement could be developed that specifies how the offset credit for excess LEAMS nutrient uptake will be used to demonstrate compliance with the TMDL targets, load allocations, and wasteload allocations at Lake Elsinore, and apportion those credits among the agencies co-sponsoring and operating the project (Elsinore Valley Municipal Water District, City of Lake Elsinore, and Riverside County), upon approval by the Regional Board.

In August 2016, a Draft Lake Elsinore Aeration System Operation and Maintenance Agreement (O&M Agreement) was submitted to the agencies operating the LEAMS project. This new agreement builds on past operation and maintenance agreements and clarifies the provisions regarding (a) the reservation and assignment of offsets to support the three original project partners' nutrient reduction needs first, (b) the availability and ownership of any excess offset credits, and (c) the Terms & Conditions for licensing excess offset credits to others. Through this agreement, it is proposed that the agencies co-sponsoring the project agree to license excess unused nutrient offset credits to other stakeholders named in the TMDL using LESJWA as their exclusive agent.

On October 12, 2016, a Draft License Agreement for Offset Credits Generated by the Lake Elsinore Aeration & Mixing System was shared with the LESJWA Board with discussion on the details, the terms, and conditions through which LESJWA will support the licensing excess offset credits to other stakeholders named in the TMDL. The LESJWA Board's questions and concerns about the draft agreement focused on the possible availability of the funds collected to be used for LESJWA needs, whether the Regional Board was supportive of the agreement, and whether the fee of \$300/credit was in perpetuity. The agreement has been modified based on the comments received by the LESJWA Board and the legal counsels of the LEAMS operators, and have been clarified. In addition, the draft Agreement for the Operation and Maintenance of the Lake Elsinore Aeration and Mixing Systems as well as FAQs about the agreement and feedback from the Regional Board indicating acceptance of this agreement are attached as background information.

On April 19, 2017, the LESJWA Board of Directors approved the License Agreement for Offset Credits Generated by the Lake Elsinore Aeration & Mixing System (LEAMS).

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.

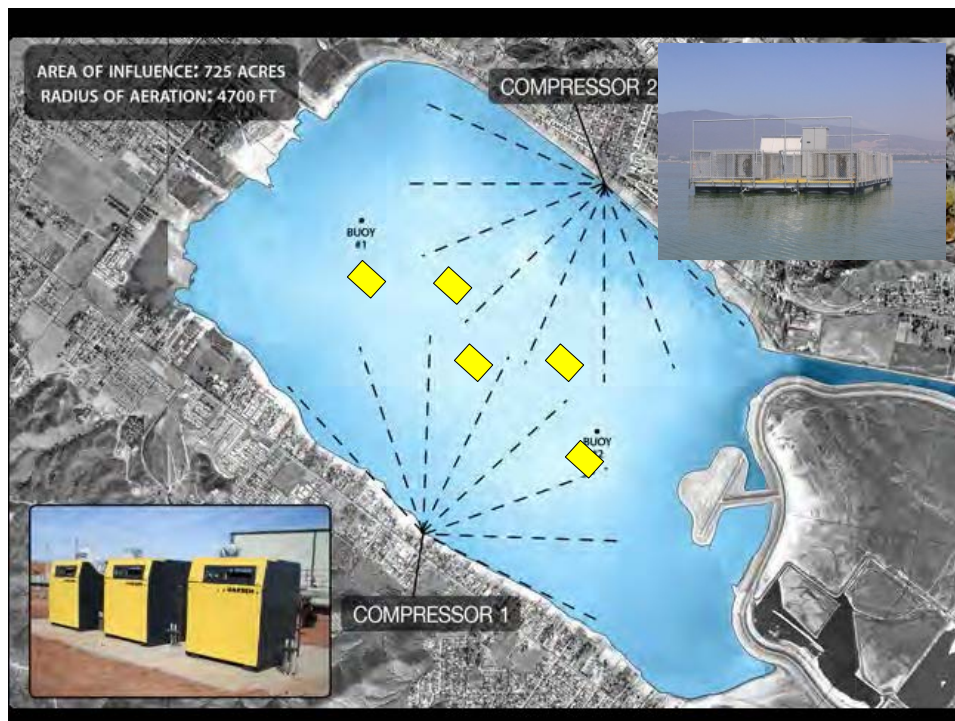
Attachment:

1. Lake Elsinore Aeration & Mixing System 2016 Excess Offset Credit Annual Accounting Report

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Lake Elsinore Aeration and Mixing System (LEAMS)

2016 Excess Offset Credit Annual Accounting Report



Prepared for: Operators of LEAMS

April 2018

Purpose

The purpose of this report is to fulfill the obligation of the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) to provide an annual Lake Elsinore Aeration and Mixing System (LEAMS) accounting report. This report details for calendar year 2016, the total number of offset credits available, the number of offset credits allocated to the Operators and the number and unit cost for each credit licenses sold to other stakeholders with TMDL compliance obligations, as well as all fees collected for these credit licenses sold in calendar year 2016, and all marketing and administration expenses for that same calendar year.

It is intended, following receipt of this accounting report, the Operators shall provide LESJWA with detailed instructions on how to disperse the net proceeds from the sale of the 2016 LEAMS offset credit licenses.

Background

LEAMS was designed and constructed by LESJWA using funding available through the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Bond Act of 2000. Completed in 2006, ownership of LEAMS was turned over to Elsinore Valley Municipal Water District (EVMWD), the City of Lake Elsinore and Riverside County identified collectively as the “Operators” to be operated and maintained as a joint project.

LEAMS consists of an aeration system operated by EVMWD and a Mixing System operated by the City of Lake Elsinore, which operated in tandem are intended to improve water quality in Lake Elsinore by improving the average concentration of dissolved oxygen (DO) in the water column. The system accomplishes this using a combination of shoreline compressors that disperse air from perforated pipelines anchored to the bottom of the lake and slow-turning propellers of an axial flow water pump mixing system located at five docking stations (4 axial flow pumps per station) around the high speed zone of the lake. The aeration system releases air bubbles from the pipeline perforations which rise to the surface and disperse air and oxygen. The axial flow pump mixing system turns propellers submerged below the docking stations and push high oxygenated surface water to the bottom of the lake which is low in dissolved oxygen where it will be reaerated, naturally.

When the TMDL was adopted, the Regional Board acknowledged that operation of LEAMS was expected to reduce internal phosphorus loads originating from lake bottom sediments by 35% or approximately 11,606 kg/yr.¹ Subsequent studies, conducted at the direction of the Regional Board, also demonstrated that the operation of LEAMS, based upon 2,000 hrs/yr. of operation, reduced the total mass of nitrogen in Lake Elsinore by an average of approximately 53,616 kg/yr.² Once the release of nutrients from lake bottom sediments are accounted for this results

¹ California Regional Water Quality Control Board - Santa Ana Region Res. No. R8-2004-0037 (Dec. 20, 2004).

² Dr. Alex Horne (U.C. - Berkeley). Nitrogen Offsets Produced by Artificial Water Column Mixing by Aeration Bubble Plumes in Lake Elsinore, CA. Dec. 3, 2012. Note: estimated nitrogen conversion/removal efficiency assumes that LEAMS operates a minimum of 2,000 hours/year. This is now a requirement in EVMWD's NPDES discharge permit.

in approximately 7,000 kg/year in phosphorus and 44,000 kg/year in nitrogen removal capacity is available as credits.

LEAMS Agreement to License Excess Offset Credits

The Exclusive License Agreement for Excess Offset Credits Generated by the Lake Elsinore Aeration & Mixing System (LEAMS Program), **Attachment A**, provides a mechanism for Operators of LEAMS (County of Riverside, City of Lake Elsinore and Elsinore Valley Municipal Water District) to market any excess offset credits generated by LEAMS to other stakeholders with TMDL compliance obligations, as defined in the Operation and Maintenance Agreement for LEAMS (Operators Agreement), **Attachment B**.

Through this Agreement, Operators may sell excess offset credits generated by LEAMS to offset annual O&M costs. The annual O&M budget for LEAMS, including a contingency fund for future repair & replacement costs is estimated at approximately \$500,000 per year. LEAMS O&M costs are shared equally among the three cost-sharing partners. In 2016, O&M expenditures for LEAMS totaled \$285,326. A summary of annual LEAMS O&M costs for FYE 2015 through 2017 are presented in **Table 1**. A detailed breakdown of annual O&M costs to each operator is available in **Attachment C**.

Table 1: LEAMS Annual O&M Costs FYE 2015 through 2017

	FYE 2015 Annual O&M Costs	FYE 2016 Annual O&M Costs	FYE 2017 Annual O&M Costs
Lake Aeration Project O&M	\$149,696	\$192,164	\$168,755
Lake Mixing Project O&M	\$126,735	\$93,162	\$63,960
Total LEAMS O&M Costs	\$276,431	\$285,326	\$232,715

Each the City of Lake Elsinore and EVMWD maintain Contingency Funds to cover extraordinary and unforeseen expenses for their respective components of LEAMS. Additionally, this Contingency fund may be used by the Operators to replace, expand or otherwise enhance the Aeration System when mutually agreed. A summary of annual contributions by each operator to their respective Contingency Fund for FYE 2015 through 2017 are presented in **Table 2**. A detailed breakdown of Contingency Fund contributions and withdrawals for each operator are available in **Attachment C**.

Table 2: LEAMS Reserve Fund Balance FYE 2015 through 2017

	FYE 2015 Annual Reserve Fund balance	FYE 2016 Annual Reserve Fund balance	FYE 2017 Annual Reserve Fund balance
Lake Aeration Project Reserve	\$459,992	\$547,992	\$635,992
Lake Mixing Project Reserve	\$178,051	\$232,093	\$284,769
Total LEAMS Reserve Fund Balance	\$638,043	\$780,085	\$920,761

LEAMS Offset Credits are estimated based upon 2,000 hours per year of operation of the system, which generates an estimated 7,000 kg/yr. of phosphorus and 44,000 kg/yr. of nitrogen, as shown in **Table 3**.

Table 3: 2016 LEAMS Credit Hours Generated (Gross)

	Operation Hours	Phosphorus kg/yr.	Nitrogen kg/yr.
Total Nutrient Offset Credits Generated*	2,000	7,000	44,000

* 2016 Nutrient Offset Credits estimated, Dr. Horne; December, 2012

Operators reserve the offset credits generated by the operation of LEAMS to meet their own TMDL compliance obligations. In 2016 the first 1,320 hours of LEAMS operation were reserved to the Operators as detailed in **Table 4**.

Table 4: 2016 LEAMS Credit Hours Reserved to Operators

	Operation Hours	Phosphorus kg/yr.	Nitrogen kg/yr.
Credits Reserved to Offset EVMWD's Recycled Water	1,114	3,899	24,508
Credits Reserved by Riverside County for Urban Runoff	162	567	3,564
Credits Reserved by City of Lake Elsinore for Urban Runoff	44	154	968
Total Reserved Credits to Operators	1,320	4,620	29,040

In 2016, offset credits generated by the remaining 680 hours of operation, as detailed in **Table 5**, are available for licensing to other stakeholders with TMDL compliance obligations.

Table 5: 2016 LEAMS Credit Hours Excess (Available to License)

	Operation Hours	Phosphorus kg/yr.	Nitrogen kg/yr.
Nutrient Offset Credits Available to License	680	2,380	14,960

Through the LEAMS Agreement, stakeholders with TMDL compliance obligations (specifically LE&CL TMDL Task Force Stakeholders) may purchase available nutrient offset credits to demonstrate compliance with the Waste Load Allocations ("WLA") or Load Allocations ("LA") specified in the TMDL.

LEAMS offset credits are available for purchase, in one hour increments, for a one-time fee of \$300.00 per hour of LEAMS operation. This fee is based upon the required hours of operation of LEAMS estimated at no less than 2,000 hours per year. Through this agreement, each hour of LEAMS operation conveys 3.5 kg of phosphorus reduction credit and 22 kg of nitrogen reduction credit. The demand for annual LEAMS Offset Credits was estimated based upon the needs of the individual stakeholders to address their compliance obligations. 2016 LEAMS credit hours licensed to LE&CL TMDL stakeholders are detailed in **Table 6**.

Table 6: 2016 LEAMS Credit Hours Excess Licensed to LE&CL TMDL Stakeholders

Stakeholders	Operation Hours	Phosphorus kg/yr.	Nitrogen kg/yr.	Offset Credit Fees Collected
City of Canyon Lake	17	60	374	\$ 5,100
City of Hemet	47	165	1,034	\$ 14,100
City of Moreno Valley	128	448	2,816	\$ 38,400
City of Murrieta	3	11	66	\$ 900
City of Perris *	48	168	1,056	\$ 14,124
City of Riverside	5	18	110	\$ 1,500
City of San Jacinto	1	4	22	\$ 300
City of Menifee	128	448	2,816	\$ 38,400
City of Wildomar	32	112	704	\$ 9,600
San Jacinto Agricultural Operators **	0	0	0	\$ -
CALTRANS	10	35	220	\$ 3,000
March Air Reserve Base Joint Powers Authority	5	18	110	\$ 1,500
US Air Force (March Air Reserve Base)	3	11	66	\$ 900
	427	1,498	9,394	\$ 127,824

* City of Perris provided an alternative contribution amount of \$14,124 (from \$18,300)

** San Jacinto Agricultural Operators contribution held in escrow account until issue with San Jacinto CWAD is resolved

The operators have designated LESJWA as the exclusive agent to market and administer any excess offset credits generated by LEAMS to other stakeholders with TMDL compliance obligations. LESJWA has full and complete responsibility for marketing the licenses for LEAMS credits and for collecting and remitting required license fees to the Operators. In 2016, the total number of Offset License Credits hours sold to other stakeholders with TMDL compliance obligations was 426 hours, which corresponded to \$127,824 in Offset Credit fees.

All expenses incurred by LESJWA to market and administer the LEAMS offset credit licensing program shall be reimbursed solely from the sale of offset credit licenses. In 2016, the first year of this License Agreement, expenses incurred by LESJWA to market and administer the LEAMS offset credit totaled \$20,000 resulting in net proceeds of \$107,824, as shown in **Table 7**, to be dispersed among the Operators as equal shares of \$35,941.

Table 7: 2016 LEAMS Agreement Net Proceeds

	LESJWA Administrative Budget	LESJWA Administrative Expenditures	Total Offset Credit Fees Collected	Offset Credit Net Proceeds to Operators	Equal Share Distribution of Proceeds
2016 Net Proceeds to LEAMS Operators	\$20,000	\$20,000	\$127,824	\$107,824	\$35,941

LEAMS Agreement Implementation schedule detailing the various deliverables and due dates is included as **Attachment D**.

**Attachment A: Exclusive License Agreement for Excess Offset Credits Generated by the Lake Elsinore
Aeration & Mixing System (LEAMS Program)**

**EXCLUSIVE LICENSE AGREEMENT for EXCESS OFFSET CREDITS
GENERATED by the LAKE ELSINORE AERATION & MIXING SYSTEM (LEAMS)**

This EXCLUSIVE LICENSE AGREEMENT for EXCESS OFFSET CREDITS generated by the LAKE ELSINORE AERATION & MIXING SYSTEM (LEAMS) (hereinafter the "License Agreement") is made by and among the COUNTY OF RIVERSIDE ("COUNTY"), the CITY OF LAKE ELSINORE ("CITY"), the ELSINORE VALLEY MUNICIPAL WATER DISTRICT ("DISTRICT") and the LAKE ELSINORE AND SAN JACINTO WATERSHEDS AUTHORITY ("AUTHORITY"). The COUNTY, CITY, DISTRICT and AUTHORITY are hereinafter collectively referred to as the "PARTIES." This License Agreement, once executed by all PARTIES, becomes effective on January 1, 2017.

RECITALS

- a. The CITY, DISTRICT and COUNTY are individual member agencies of the Lake Elsinore and San Jacinto Watersheds Authority. The AUTHORITY is a joint powers public agency formed for the purpose of implementing programs and projects to rehabilitate and improve water quality in Lake Elsinore and Canyon Lake and the watersheds that are tributary to these lakes.
- b. The CITY holds title to and operates the Axial Flow Water Pump Destratification System ("Mixing System") located in Lake Elsinore.
- c. The DISTRICT holds title to and operates the Lake Elsinore Phase II Aeration System ("Aeration System") located in Lake Elsinore.
- d. Collectively, the Mixing System and the Aeration System are known as the Lake Elsinore Aeration and Mixing System ("LEAMS"). In general, the two systems are run in tandem and operate on the same schedule.
- e. The annual costs to operate and maintain LEAMS is shared equally between the CITY, DISTRICT and COUNTY pursuant to a separate Agreement for the Operation and Maintenance of LEAMS (dated May 23, 2017). For the purpose of implementing this License Agreement, these three cost-sharing partners are identified collectively as the "OPERATORS."
- f. The operation of LEAMS is intended to improve water quality in Lake Elsinore by improving the average concentration of dissolved oxygen. This, in turn, helps reduce the average concentration of nitrogen and phosphorus ("nutrients") in the lake. Elevated nutrient concentrations contribute to excessive algae growth and interferes with recreation in Lake Elsinore. In addition, too much algae adversely affects the aquatic habitat and increases the risk of fish kills. LEAMS was designed and implemented to help prevent and reduce these challenges.

- g. The Santa Ana Regional Water Quality Control Board ("Regional Board") adopted a Total Maximum Daily Load ("TMDL") to improve water quality in Lake Elsinore by controlling the amount of nutrients in the lake. The CITY, DISTRICT, COUNTY, and numerous other stakeholders identified in the TMDL are obligated to limit their nutrient contributions (called "loads") to Lake Elsinore.
- h. When the TMDL was adopted, the Regional Board acknowledged that operation of LEAMS was expected to reduce internal phosphorus loads originating from lake bottom sediments by 35% or approximately 11,606 kg/yr. Subsequent studies, conducted at the direction of the Regional Board, also demonstrated that the operation of LEAMS was reducing the total mass of nitrogen in Lake Elsinore by an average of approximately 53,616 kg/yr.
- i. The Regional Board requires the DISTRICT to conduct additional studies, once every three years, to reevaluate and confirm the overall effectiveness of LEAMS at reducing nutrient concentrations in Lake Elsinore. The results are submitted in a formal written report to the Regional Board. After the Regional Board accepts that report, the nutrient reductions generated by LEAMS are considered approved "offset credits" provided LEAMS is operated in accordance with the requirements of the DISTRICT's NPDES permit.
- j. LEAMS is generally required to operate no less than 2,000 hours per year. Therefore, on average, each hour of LEAMS operation generates approximately 3.5 kg of phosphorus reduction credits and 22 kg of nitrogen reduction credits.
- k. All credits generated by the operation of LEAMS are the exclusive property of the OPERATORS, and are owned in joint tenancy by the OPERATORS, and may not be sold or transferred without the unanimous written consent of the OPERATORS.
- l. The Regional Board allows LEAMS credits to be used to demonstrate compliance with the Waste Load Allocations ("WLA") or Load Allocations ("LA") specified in the TMDL. The Regional Board recognizes LEAMS as an approved offset program provided that LEAMS is operated in accordance with the DISTRICT's NPDES permit.
- m. Based on experience to date, the operation of LEAMS typically generates more offset credits than the OPERATORS need in order to assure their own compliance with the TMDL's nutrient load restrictions. Therefore, the OPERATORS desire to license some of the excess offset credits to other stakeholders named in the TMDL so that these other stakeholders may rely on said credits to meet their own TMDL compliance obligations subject to the review and approval of the Regional Board.

- n. Given the relatively large number of stakeholders that may be interested in licensing excess offset credits to meet their own TMDL compliance obligations, the OPERATORS determined it would be more efficient to administer all licensing-related activity through the AUTHORITY.
- p. This document describes the Terms and Conditions under which the OPERATORS agree to license excess offset credits to other stakeholders named in the TMDL using the AUTHORITY as their exclusive agent.

TERMS AND CONDITIONS

1) THE AUTHORITY AS EXCLUSIVE AGENT

- a. The OPERATORS hereby designate the AUTHORITY as their exclusive agent to market and administer limited-used licenses for any excess offset credits generated by LEAMS to other stakeholders with TMDL compliance obligations. The AUTHORITY shall have full and complete responsibility for marketing the licenses for LEAMS credits and for collecting and remitting required license fees to the OPERATORS.
- b. All expenses incurred by the AUTHORITY to market and administer the LEAMS offset credit licensing program shall be reimbursed solely from the sale of offset credit licenses. The AUTHORITY is entitled to retain a sum, not to exceed \$20,000 in the first year of this License Agreement and not to exceed \$12,000 in any subsequent year of this License Agreement, from the proceeds received from gross sales before remitting the remainder to the OPERATORS.
- c. In the event that the proceeds received from gross sales are insufficient to reimburse the AUTHORITY's expenses, as described above, the OPERATORS have no obligation to compensate the AUTHORITY for any difference or deficiency.
- d. The AUTHORITY shall have primary responsibility for filing annual reports to the Regional Board detailing and summarizing the disposition of all LEAMS offset credits. The AUTHORITY shall provide a copy of all such reports to the OPERATORS at the same time these reports are submitted to the Regional Board. The DISTRICT shall continue to have primary responsibility for developing the documentation required to confirm the validity of the offset credits generated by LEAMS and for reporting this information to the Regional Board in accordance with the DISTRICT's NPDES permit.
- e. Any person, municipality, corporation, government agency or other legal entity acquiring a valid license from the AUTHORITY shall hereinafter be referred to as a LICENSEE.

131 **2) EXCLUSIVE LICENSES FOR EXCESS OFFSET CREDITS**

- 132
- 133 a. No later than April 15th of each year, the OPERATORS shall notify the AUTHORITY
- 134 of the total number of excess offset credits, generated in the prior calendar year,
- 135 that are being made available for license to other TMDL stakeholders. The
- 136 AUTHORITY shall not offer any licenses for sale to others until officially notified
- 137 by the OPERATORS that excess offset credits are available, the amount of
- 138 nitrogen and phosphorus offset credit offered with each hour of LEAMS
- 139 operation and the annual fee required for each license hour. All notices shall be
- 140 in writing and directed as described in Section 5 of this License Agreement.
- 141
- 142 b. Available excess offset credits shall be licensed in one hour blocks of LEAMS
- 143 operating time. Each available credit hour will be individually identified based on
- 144 the year the credit was generated and a unique sequential number (e.g. 2016-
- 145 0129, 2019-0257, etc.). Each one hour block of LEAMS operating time
- 146 represents a volume of phosphorus and nitrogen reduction credits for the year
- 147 indicated by the block ID number as defined by the notification described in
- 148 §2(a) above. For 2015 and 2016 each hour of LEAMS operation conveys 3.5 kg of
- 149 phosphorus reduction credit and 22 kg of nitrogen reduction credit. However,
- 150 the OPERATORS reserve the right to revise the credit/hour ratio in future years.
- 151
- 152 c. The AUTHORITY is authorized to offer other TMDL stakeholders an exclusive
- 153 license to purchase and use available LEAMS offset credits for any lawful
- 154 purpose subject to all of provisions of this License Agreement. Each individually-
- 155 numbered one hour block of LEAMS offset credits may be licensed for a one-
- 156 time license fee of \$300.00. OPERATORS may also authorize the AUTHORITY to
- 157 market licenses for unused excess credits generated in calendar years prior to
- 158 2016, and to offer pro-rated discounts for credits generated in calendar years
- 159 2009 through 2015, subject to the written approval by the OPERATORS.
- 160
- 161 d. The AUTHORITY shall provide an annual accounting report detailing all fees
- 162 collected for licenses sold in a given calendar year, and all marketing and
- 163 administration expenses for that same calendar year, to the OPERATORS by
- 164 January 31st of the following calendar year. Following receipt of this accounting
- 165 report, the OPERATORS shall provide the AUTHORITY with detailed instructions
- 166 on how to disperse the net proceeds from the sale of LEAMS offset credit
- 167 licenses in the prior calendar year.
- 168

169 **3) SALE OF LICENSES FOR EXCESS OFFSET CREDITS**

- 170
- 171 a. Ownership of all LEAMS facilities and of all offset credits generated by these
- 172 facilities shall remain with the OPERATORS. Only an exclusive license to use the
- 173 credits, as part of an approved offset program, is being offered by the
- 174 OPERATORS pursuant to this License Agreement.

- 175 b. The sale or purchase of LEAMS excess offset credits in any given year does not
176 create an obligation to sell or buy licenses for LEAMS excess offset credits in any
177 other year. OPERATORS may elect to increase or decrease the number of
178 available LEAMS excess offset credits at their sole discretion. However,
179 OPERATORS shall not retroactively reduce the number of LEAMS excess offset
180 credit licenses available for sale in any given year below the number of licenses
181 already sold for that same year.
- 182
- 183 c. LEAMS excess offset credit licenses may not be bought, sold, leased, loaned,
184 borrowed or transferred except through the AUTHORITY acting as the Exclusive
185 Agent for the OPERATORS. Any attempt to do so automatically and irrevocably
186 invalidates each specific license involved without recourse to the LICENSEE.
- 187
- 188 d. Neither the OPERATORS or the AUTHORITY offer any warranty whatsoever
189 regarding the use of LEAMS excess offset credits. It is the sole responsibility of
190 each prospective LICENSEE to determine for itself and to its own satisfaction,
191 through direct consultation with the Regional Board, how LEAMS excess offset
192 credits may be lawfully used to demonstrate compliance with the TMDL or any
193 related provisions of state and federal waste discharge requirements BEFORE
194 purchasing any excess offset license. Prospective LICENSEES are expressly
195 warned not to rely on any statements or representations made in this License
196 Agreement without further confirmation by the Regional Board.
- 197
- 198 e. Although each excess offset credit block is governed by a license, only the
199 Regional Board can determine the length of time any given block of excess offset
200 credits may be used to compute compliance. The OPERATORS and the
201 AUTHORITY make no representation or warranty concerning the length of time
202 any given block of excess offset credits may be used for compliance.
- 203
- 204 f. Fees paid to license LEAMS excess offset credits are non-refundable.
- 205
- 206 g. OPERATORS prepare and approve annual operating budgets and summaries of
207 actual annual expenses in accordance with their separate Operations and
208 Maintenance Agreement for LEAMS (dated May 23, 2017). Copies of these
209 accounting documents shall be provided to the AUTHORITY no later than 30 days
210 after they have been approved by the OPERATORS.
- 211
- 212

- h. Fees paid to license LEAMS excess offset credits shall become the sole property of the OPERATORS. Said fees may be used to offset past or future LEAMS operating expenses, effect LEAMS repairs, replace or expand LEAMS, held for a LEAMS contingency, or any other lawful purpose related to LEAMS at the sole discretion of the OPERATORS. The OPERATORS shall not be required to account for the expenditure of any fees received from the sale of licenses for excess offset credits.
- i. The OPERATORS warrant that LEAMS was operated in accordance with requirements established by the Regional Board and in a manner that they reasonably believe generated the nutrient reduction credits now made available for licensing by others. The operating reports, water quality monitoring data and special studies used to support the estimated credit calculations are regularly submitted to the Regional Board under penalty of perjury. A copy of all such documents shall be provided to the AUTHORITY no later than 30 days after these documents are submitted to the Regional Board.
- j. Because the licenses offered are for excess offset credits generated by LEAMS in the prior calendar year, the purchase of such licenses imposes no further obligation on the LICENSEE to operate, maintain, fund or support LEAMS in any other way. The OPERATORS, and not the AUTHORITY, bear sole responsibility for affirming the validity of all offset credits declared and reported to the Regional Board.
- k. Because licenses are purchased for excess offset credits generated in the prior calendar year, and the LICENSEES had no role or responsibility whatsoever for the day-to-day operations of LEAMS, the LICENSEES are not liable for injury or damages which may occur as a result of the actions or omissions of the OPERATORS as these credits were being generated. The OPERATORS, and not the AUTHORITY, shall indemnify and defend the LICENSEES against any and all claims for injuries or damages related to the operation of LEAMS.
- l. OPERATORS are not responsible for any cost, expense, loss or other consequential damages that may be incurred by LICENSEES in the event the excess offset credit program is subsequently ruled invalid or illegal by any state or federal regulatory agency or by a court of competent jurisdiction.
- m. The AUTHORITY shall provide a full and complete copy of this License Agreement to any prospective LICENSEE. Furthermore, each prospective LICENSEE must provide written and dated confirmation that it has received, read and understood the entirety of this License Agreement as a prerequisite condition for purchasing a license for excess offset credits.

- n. The PARTIES are required to notify one another as soon as is reasonably possible if and when either becomes aware of any change in conditions that may materially and adversely affect the validity of the LEAMS excess offset credits or the ability of LICENSEES to rely on such credits to meet TMDL compliance obligations. The AUTHORITY is solely responsible for notifying each individual LICENSEE as described below.
- o. The AUTHORITY and each LICENSEE are required to notify one another as soon as is reasonably possible if and when either becomes aware of any change in conditions that may materially and adversely affect the validity of the LEAMS offset credits or the ability of LICENSEES to rely on such credits to meet TMDL compliance obligations. Individual LICENSEES may, but are not required to, provide similar notice to other individual LICENSEES.
- p. The AUTHORITY and all LICENSEES are entitled to inspect the LEAMS facilities and may do so, upon request, at a time that is mutually convenient with the OPERATORS.
- q. The OPERATORS are not entitled to reclaim any previously licensed excess offset credits without written consent of the LICENSEE.

4. GENERAL PROVISIONS

- a. **Jurisdiction.** This License Agreement shall be deemed to have been made in Riverside County, California regardless of the order of the signatures of the PARTIES affixed hereto. Any litigation or other legal proceedings which arise in connection with this License Agreement shall be conducted in a federal or state court located within or for Riverside County, California. All PARTIES hereby waive any defenses or objections based on the Doctrine of Forum Non-conveniens.
- b. **Property Rights.** No property rights are created or changed by this License Agreement.
- c. **Third Parties.** There are no third-party beneficiaries created, intended or recognized by this License Agreement.
- d. **Entire Agreement.** This written License Agreement constitutes the full and complete agreement between PARTIES. This License Agreement supersedes any and all previous agreements, either oral or written, between the PARTIES hereto and contains all of the terms, conditions and agreements between the PARTIES with respect to the subject matter of this License Agreement.

- e. **Amendments.** This License Agreement may only be amended by written consent of all PARTIES. However, the terms and conditions of any previously issued license may not be revised retroactively without the additional written consent of the LICENSEE.
- f. **Regional Board Review.** A full and complete copy of this License Agreement has been provided to the Regional Board staff for review to ensure consistency with the assumptions and requirements of the TMDL and the Comprehensive Nutrient Reduction Plan (CNRP). Any changes proposed by the Regional Board must be approved, in writing, as formal amendments to this License Agreement. All amendments to this License Agreement shall also be submitted to the Regional Board for review.
- g. **Cooperation.** The PARTIES agree to cooperate with one another to fulfill all regulatory and contractual obligations related to this License Agreement. The PARTIES further agree not to engage in any activities that undermine or jeopardize the validity of the LEAMS offset credits or the related licenses offered for sale to others.
- h. **Waivers.** Failure to exercise any right or remedy related to this License Agreement shall not be construed as a waiver of that right or remedy.
- i. **Severability.** Any provision of this License Agreement that is subsequently found to be unconstitutional, illegal, or otherwise unenforceable shall be deemed void without subsequent effect on any of the remaining provisions in the License Agreement which shall continue to be implemented as originally intended.
- j. **Term.** This License Agreement shall expire on June 30, 2022 unless the PARTIES agree, in writing, to extend that date. However, all licenses purchased prior to the expiration date of this License Agreement shall remain valid.
- k. **Default.** Failure by a Party to comply with and observe any of the conditions, terms, or covenants set forth in this License Agreement, if such failure remains uncured within thirty (30) days after written notice of such failure from the other Party in the manner provided herein or, with respect to a default that cannot be cured within thirty (30) days, if the Party in default fails to commence such cure within such thirty (30) day period or thereafter fails to diligently and continuously proceed with such cure to completion. However, if a different cure period is specified under any other section of this License Agreement, then the specific cure period shall control.

- 340 **i. Independent Contractor.** In performing under this License Agreement, it is
341 mutually understood that the AUTHORITY is acting as an independent
342 contractor, and not as an agent of the OPERATORS. The OPERATORS shall have
343 no responsibility for payment to any contractor, subcontractor or supplier of the
344 AUTHORITY. Nothing herein contained shall be deemed to create an agency,
345 joint venture, partnership or franchise relationship between the PARTIES hereto,
346 or between the PARTIES and any contractor retained by the OPERATORS in
347 connection with the services provided under this License Agreement, or between
348 the PARTIES and any person or organization that purchases a license for excess
349 offset credit pursuant to this License Agreement.
350
- 351 **m. Authority and Requisite Action.** The individuals executing this License
352 Agreement (the "Signatories") covenant that they have the legal power, right
353 and authority to enter into this License Agreement and to bind their respective
354 principals/entities to the terms and conditions set forth herein. Furthermore,
355 the Signatories covenant that all requisite action has been taken by their
356 respective principals/entities in connection with the entering into this License
357 Agreement and the instruments referenced herein, and the consummation of
358 the transactions contemplated hereby.
359
- 360 **n. Maintenance and Inspection.** The AUTHORITY shall maintain complete and
361 accurate records with respect to all licenses and fees under this License
362 Agreement. All such records shall be clearly identifiable. The AUTHORITY shall
363 allow a representative of OPERATORS to examine, audit, and make transcripts or
364 copies of such records and any other documents created pursuant to this License
365 Agreement during normal business hours. The AUTHORITY shall allow inspection
366 of all work, data, documents, proceedings, and activities related to the License
367 Agreement for a period of three (3) years from the date of final payment under
368 this License Agreement.
369
- 370 **o. Prohibited Interests.** The AUTHORITY warrants that it has not
371 employed nor retained any company or person, other than a bona fide employee
372 working solely for the AUTHORITY, to solicit or secure this License Agreement.
373 Further, the AUTHORITY warrants that it has not paid nor has it agreed to pay
374 any company or person, other than a bona fide employee working solely for the
375 AUTHORITY, any fee, commission, percentage, brokerage fee, gift or other
376 consideration contingent upon or resulting from the award or making of this
377 License Agreement. For breach or violation of this warranty, OPERATORS shall
378 have the right to rescind this License Agreement without liability. For the term
379 of this License Agreement, no official, officer or employee of the OPERATORS,
380 during the term of his or her service with the OPERATORS, shall have any direct
381 interest in this License Agreement, or obtain any present or anticipated material
382 benefit arising therefrom.
383

- 384
- 385 **p. Dispute Resolution.** Any dispute which may arise by and between the parties to
- 386 this License Agreement shall be submitted to non-binding mediation. Such
- 387 mediation shall be conducted by any neutral, impartial mediation service that
- 388 the Parties mutually agree upon, in writing, and in accordance with its rules in
- 389 effect at the time of the commencement of the mediation proceeding.
- 390
- 391 **q. Attorney's Fees.** The prevailing party in any action to enforce any provision of
- 392 this License Agreement shall be entitled to its reasonable attorney's fees and
- 393 costs.
- 394
- 395 **r. Counterpart Execution.** This License Agreement may be signed in separate
- 396 counterparts, each of which is an original and all of which, taken together, form
- 397 one single binding document.
- 398
- 399

400 **5. NOTIFICATIONS**

401

402

- 403 **a. All notifications made pursuant to this License Agreement shall be in writing.**
- 404

- 405
- 406 **b. Notifications to the City of Lake Elsinore shall be directed to:**
- 407

408 Name: Grant Yates

409 Title: City Manager

410 Address: 130 S. Main Street

411 Addl. Address: _____

412 City, State, Zip: Lake Elsinore, CA 92530

413 Main Office Phone: (951) 674-3124

414 Email Address: gyates@lake-elsinore.org

415 Alternate Name: Nicole Dailey

416 Alternate Phone: (951)833-5497

417 Alternate Email: ndailey@lake-elsinore.org

418

419

c. **Notifications to Elsinore Valley Municipal Water District shall be directed to:**
Name: _____

Title: _____

Address: _____

Addl. Address: _____

City, State, Zip: _____

Main Office Phone: _____

Email Address: _____

Alternate Name: _____

Alternate Phone: _____

d. **Notifications to the County of Riverside shall be directed to:**
Name: Steve Horn

Title: Principal Management Analyst

Address: 4080 Lemon Street, 4th Floor

City, State, Zip: Riverside, CA 92501

Main Office Phone: 951-955-1110

Email Address: shorn@rivco.org

Alternate Name: Alex Gann

Alternate Phone: 951-955-1110

Alternate Email: agann@rivco.org

e. **All notifications to Lake Elsinore San Jacinto Watersheds Authority (LESJWA) shall be directed to:**

Name: Mark Norton, PE.

Title: Authority Administrator

Address: 11619 Sterling Ave

Addl. Address: _____

City, State, Zip: Riverside CA 92503

Main Office Phone: 951.354.4221


452 Email Address: m.norton@Sawpa.org
453 Alternate Name: Rick Whelzel
454 Alternate Phone: 951.354.4222

455
456
457 f. The AUTHORITY shall maintain a directory of all past and present LICENSEES with
458 current contact information similar to that shown above and distribute an
459 updated copy of that directory at least once a year to the OPERATORS and the
460 Regional Board.
461
462

IN WITNESS WHEREOF, the OPERATORS and the AUTHORITY have affixed their signatures and caused this License Agreement to be effective as of the date shown on the first page of this document:

For the CITY OF LAKE ELSINORE:

6-20-2017
Date


Mayor

Approved As To Form:

6-12-2017
Date


City Attorney

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT (EVMWD)

Date _____

President, Board of Directors

Approved As To Form:

Date _____

Counsel for EVMWD

For the COUNTY OF RIVERSIDE

Date _____

Chairman, Board of Supervisors

Approved As To Form:

Date _____

Counsel for the County of Riverside

Attested:

Date _____

Clerk for the Board of Supervisors

For the LAKE ELSINORE SAN JACINTO WATERSHEDS AUTHORITY

Date _____

Chairman, Board of Directors

Approved As To Form

Date _____

Counsel for LESJWA

IN WITNESS WHEREOF, the OPERATORS and the AUTHORITY have affixed their signatures and caused this License Agreement to be effective as of the date shown on the first page of this document:

For the CITY OF LAKE ELSINORE:

Date Mayor

Approved As To Form:

Date City Attorney

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT (EVMWD)

Date President, Board of Directors

Approved As To Form:

Date Counsel for EVMWD

For the COUNTY OF RIVERSIDE

Date Chairman, Board of Supervisors

Approved As To Form:

Date Counsel for the County of Riverside

Attested:

Date Clerk for the Board of Supervisors

For the LAKE ELSINORE SAN JACINTO WATERSHEDS AUTHORITY

Date Chairman, Board of Directors

Approved As To Form

Date Counsel for LESJWA

IN WITNESS WHEREOF, the OPERATORS and the AUTHORITY have affixed their signatures and caused this License Agreement to be effective as of the date shown on the first page of this document:

For the CITY OF LAKE ELSINORE:

Date Mayor

Approved As To Form:

Date City Attorney

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT (EVMWD)

Date President, Board of Directors

Approved As To Form:

Date Counsel for EVMWD

For the COUNTY OF RIVERSIDE

MAY 23 2017

Date Chairman, Board of Supervisors

Approved As To Form:

5-10-17

Date Counsel for the County of Riverside

Attested:
MAY 23 2017

Date Clerk for the Board of Supervisors

For the LAKE ELSINORE SAN JACINTO WATERSHEDS AUTHORITY

Date Chairman, Board of Directors

Approved As To Form

Date Counsel for LESJWA

IN WITNESS WHEREOF, the OPERATORS and the AUTHORITY have affixed their signatures and caused this License Agreement to be effective as of the date shown on the first page of this document:

For the CITY OF LAKE ELSINORE:

Date Mayor

Approved As To Form:

Date City Attorney

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT (EVMWD)

Date President, Board of Directors

Approved As To Form:

Date Counsel for EVMWD

For the COUNTY OF RIVERSIDE

Date Chairman, Board of Supervisors

Approved As To Form:

Date Counsel for the County of Riverside

Attested:

Date Clerk for the Board of Supervisors

For the LAKE ELSINORE SAN JACINTO WATERSHEDS AUTHORITY

4/19/17

Date Chairman, Board of Directors

Approved As To Form

Date Counsel for LESJWA

Attachment B: Agreement for the Operation and Maintenance of the Lake Elsinore Aeration and Mixing Systems (LEAMS) (Operators Agreement)

**AGREEMENT FOR THE OPERATION AND MAINTENANCE
OF THE LAKE ELSINORE AERATION AND MIXING SYSTEMS (AGREEMENT)**

THIS AGREEMENT is made by and among the COUNTY OF RIVERSIDE (COUNTY), the CITY OF LAKE ELSINORE (CITY) and the ELSINORE VALLEY MUNICIPAL WATER DISTRICT (DISTRICT). The COUNTY, CITY and DISTRICT are sometimes collectively referred to individually as "PARTY" and collectively as the "PARTIES."

RECITALS

- A. The COUNTY, CITY and DISTRICT are Member Agencies of the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA). LESJWA is a joint powers public agency formed for the purpose of implementing programs and projects to rehabilitate and improve water quality in Lake Elsinore and Canyon Lake and the rivers and streams that are tributary to these lakes.
- B. The STATE OF CALIFORNIA and U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA) have determined that water quality in Lake Elsinore is impaired by elevated concentrations of nitrogen and phosphorus (aka nutrients) that contribute to excess algae growth in the lake. Excess algae tends to deplete dissolved oxygen levels in the lake which, in turn, increases the risk of fish kills. In addition, too much algae interferes with and detracts from beneficial uses in and near Lake Elsinore. These adverse effects severely impact tourism in the area and hurt the regional economy.
- C. In 2004, the SANTA ANA REGIONAL WATER QUALITY CONTROL BOARD (REGIONAL BOARD) adopted a Total Maximum Daily Load (TMDL) to restore and protect the beneficial uses of Lake Elsinore by controlling and restricting the discharge of nutrients to the lake. The REGIONAL BOARD named the COUNTY, CITY and DISTRICT as three of several agencies responsible for implementing the TMDL.
- D. To improve water quality in Lake Elsinore, the PARTIES designed, constructed and operate two large in-lake remediation projects: the Axial Flow Water Pump Destratification System and the Lake Elsinore Phase II Aeration System constructed in 2004 and 2007, respectively. Both systems are intended to improve water quality by increasing dissolved oxygen concentrations in the lake and are collectively referred to as the Lake Elsinore Aeration and Mixing System (LEAMS).

- E. When it adopted the TMDL, the REGIONAL BOARD determined that long-term operation of LEAMS would improve dissolved oxygen concentrations in Lake Elsinore. This, in turn, would also reduce internal phosphorus loads released from the lake bottom sediments by 35% or approximately 11,606 kilograms per year. The Regional Board recognizes this reduction in phosphorus loads as an offset credit that can be used to demonstrate compliance with the load reduction requirements specified in the TMDL.
- F. The CITY holds title to the Axial Flow Water Pump Destratification System. The DISTRICT holds title to the Lake Elsinore Phase II Aeration System. All three PARTIES share equally the annual cost of operating and maintaining both systems. Therefore, all offset credits generated by LEAMS are owned collectively and exclusively by the PARTIES as tenants-in-common.
- G. Operation of LEAMS generates more offset credits than the PARTIES need in order to demonstrate their own individual compliance with the pollutant load reductions specified in TMDL. Therefore, the PARTIES desire to share some of these excess offset credits with other responsible agencies named in the TMDL, that have similar obligations to reduce nutrient loads to Lake Elsinore, through a limited licensing arrangement.
- H. The PARTIES previously formed a Technical Oversight Committee (TOC) to oversee operation and maintenance of LEAMS. The PARTIES intend to continue relying on the TOC to implement this AGREEMENT.
- I. The PARTIES have previously entered into several previous short-term agreements to govern the operation and maintenance (O&M) of LEAMS and to share the associated implementation costs. This AGREEMENT is intended to supersede and replace all previous agreements with one integrated, long-term O&M contract between and among the PARTIES.
- J. The purpose of this AGREEMENT is to describe the roles and responsibilities of the CITY, COUNTY and DISTRICT; the distribution of offset credits to each of the PARTIES; and the terms and conditions for licensing excess offset credits to other responsible agencies named in the TMDL.
- K. The PARTIES believe that long-term operation of LEAMS will improve water quality and protect beneficial uses in Lake Elsinore. Doing so will enhance recreational opportunities and the overall economy of the region. In addition, the PARTIES rely on LEAMS to demonstrate compliance with certain TMDL requirements. Consequently, entering into a long-term agreement to operate and maintain LEAMS is in the best interests of the PARTIES and their respective constituencies.

NOW, THEREFORE, in consideration of the facts recited above, and the covenants, conditions and promise contained herein, the PARTIES set forth their mutual agreements.

AGREEMENT

1. **General Obligations.** Subject to all of the provisions of this AGREEMENT, the PARTIES hereby agree to the following:
 - a. **Implement the AGREEMENT through the Technical Oversight Committee:** As a means of ensuring the most optimal operation of LEAMS in order to maximize its benefits, the PARTIES agree to implement the Agreement through the previously established TOC. The TOC shall consist of one knowledgeable representative appointed by each PARTY. Each designated representative shall serve as a member of the TOC at the pleasure and expense of the PARTY making the appointment. The TOC shall meet at such times and places as its members may agree upon; but, shall convene at least once each year (in March or April) to review and approve a budget for the coming fiscal year (July 1st – June 30th). The primary duties of the TOC are to: (i) oversee the operations and maintenance of activities related to LEAMS; (ii) develop and refine parameters, processes and procedures needed to maximize the efficiency and effectiveness of LEAMS; (iii) develop and approve an annual operating budget; (iv) review actual expenses compared to the approved budget; (v) establish a method for calculating the number of offset credits available, the number of offset credits needed by the PARTIES to assure their own TMDL compliance, and the number of offset credits that may be available for licensing to other stakeholders named in the TMDL; (vi) as well as the annual fee to license any available credits.
 - b. **Financial Contribution:** The PARTIES agree to share equally the reasonable cost of managing, operating, monitoring, maintaining, repairing and replacing LEAMS in accordance with an annual budget approved by the PARTIES. Such costs include all reasonable expenses associated with collecting, analyzing and reporting data related to the operation and effectiveness of LEAMS that is required by federal or state authorities.
 - c. **Cooperation:** The PARTIES shall cooperate with one another to implement this AGREEMENT and shall not unreasonably withhold such cooperation in a manner that interferes with effective operation and maintenance of LEAMS.
 - d. **Notification:** The PARTIES shall notify one another as soon as practicable, in writing or by phone, whenever they become aware of any fact or circumstance that could adversely affect normal operation of LEAMS and which may jeopardize the availability of sufficient offset credits to assure the PARTIES ability to comply with any related TMDL requirements.

2. **DISTRICT's Obligations.** Subject to all of the provisions of this AGREEMENT, the DISTRICT hereby agrees to:

- a. **Hold Title to the Lake Elsinore Phase II Aeration System (Aeration System):** To continue holding title to the Aeration System for the term of this AGREEMENT.
- b. **Provision of Services:** To provide, or cause to be provided, all labor, tools, equipment, vehicles, materials, supplies and qualified personnel necessary to manage, operate, monitor, maintain and repair the Aeration System in accordance with the annual budget approved by the PARTIES and the Standard Operating Procedures (SOP) established by the TOC.
- c. **Regulatory Compliance:** To comply with the federal and state statutes, rules, regulations and other requirements governing the Aeration System, and all direction given by the TOC.
- d. **Monitoring and Remote Access to Data:** To continue operating and maintaining the sampling and monitoring program that, among other things, measures dissolved oxygen concentrations and water temperature in Lake Elsinore in the manner specified by the TOC and approved by the REGIONAL BOARD. To supply a remote access internet site for displaying and summarizing the aforementioned monitoring data that is accessible by the PARTIES. This internet site shall include real-time data for the most recent 24 hours and shall be restricted to viewing purposes only (i.e. data cannot be revised or altered by a remote viewer). The real-time file will be updated approximately every 15 minutes unless the monitoring system is undergoing maintenance or repairs. In addition, all data collected by the monitoring system will be stored in a database maintained by the DISTRICT and accessible to the PARTIES on an FTP website.
- e. **Reports:** To prepare and submit annual reports summarizing the operation, maintenance and monitoring activities and other matters of interest as agreed by the PARTIES or otherwise required by federal or state authorities. At a minimum, the DISTRICT shall provide a report summarizing the daily hours of operation for the Aeration System. The DISTRICT shall also provide such other written or oral reports regarding the operation and maintenance of the Aeration System as may be reasonably requested by any of the other two PARTIES.

- f. **Budget:** To prepare, in cooperation with the TOC, and submit an annual proposed budget for continued operation and maintenance of the Aeration System in the forthcoming fiscal year (July 1st to June 30th). Said budget must be submitted to the CITY and COUNTY for review and approval no later than 90 days (March 1st) prior to the commencement of the new fiscal year. The budget shall estimate the expenditures necessary to operate and maintain the Aeration System in good working order. The budget should include a contingency fund, as agreed to by the TOC, to cover extraordinary and unforeseen expenses or to be used to replace, expand or otherwise enhance the Aeration System when mutually agreed. A template form for the budget proposal is attached as Exhibit 3 to this AGREEMENT. In the event that a budget acceptable to all PARTIES is not obtained prior to the start of the fiscal year, the DISTRICT shall continue to operate and maintain the Aeration system to the fullest extent possible, subject to the reasonable discretion and available resources of the DISTRICT and at the level of expenditure authorized by the most recently approved budget, and the PARTIES shall fund such budget until a new budget is approved. The DISTRICT may draw upon any available contingency funds that have been set aside in prior years, to support on-going operation of the Aeration System while a new budget is being reviewed and approved.
- g. **Cost Accounting:** To provide a financial statement itemizing and summarizing all expenses and charges incurred to operate and maintain the Aeration System for each calendar year. The DISTRICT will provide the financial statement at the same time the budget proposal is submitted on March 1st of each year. A template form for the financial statement is attached as Exhibit 4 to this AGREEMENT. The DISTRICT shall maintain copies of receipts as necessary to substantiate all cost accounting for a period of not less than 3 years after the expense is incurred and shall provide copies to PARTIES upon request.
- h. **Books and Records:** Maintain, and retain for a period of not less than three (3) years following the termination of this AGREEMENT, full and accurate books and accounts in accordance with the practices established by or consistent with those utilized by the Controller of the State of California for public agencies. Such books and accounts shall be maintained on a fiscal year basis (July 1st to June 30th). Such books and accounts shall be maintained by the DISTRICT as public records. All books and records developed in association with prior agreements between the PARTIES to share O&M costs for the Aeration System shall also continue to be preserved in accordance with the same terms and conditions specified for similar books and records generated in support of this AGREEMENT.

- i. **Inspection:** To permit inspection of the Aeration System by representatives of the COUNTY, CITY, LESJWA or other federal or state regulatory authorities upon request.
- j. **Safety:** The DISTRICT shall be responsible for the safety of all persons and property relative to the Aeration System. This responsibility shall be continuous and not be limited to normal working hours. The DISTRICT's duty to ensure safety shall include, without limitation, the placement of warning signs and markers (e.g. buoys and lights) to protect the Aeration System and all persons working or recreating in Lake Elsinore and along its shoreline (safety activities). Because the CITY has rights and responsibilities related to recreation on Lake Elsinore that are separate from those of the DISTRICT, including but not limited to enforcement of CITY ordinances and the Lake Elsinore Lake Use Guidelines, the DISTRICT shall coordinate all safety activities undertaken pursuant to this AGREEMENT, to the maximum extent practicable prior to commencing such activities. The PARTIES acknowledge that it may be necessary, from time to time, to modify existing CITY ordinances and the Lake Use Guidelines in order for the DISTRICT to implement necessary safety activities. The cost of such modifications, when needed, shall be shared equally among the PARTIES.

3. **CITY's Obligations.** Subject to all of the provisions of this AGREEMENT, the CITY hereby agrees to:

- a. **Hold Title to the Axial Flow Water Pump Destratification System (Mixing System):** To continue holding title to the Mixing System for the term of this AGREEMENT.
- b. **Provision of Services:** To provide, or cause to be provided, all labor, tools, equipment, vehicles, materials, supplies and qualified personnel necessary to manage, operate, monitor, maintain and repair the Mixing System in accordance with the annual budget approved by the PARTIES and the SOP established by the TOC.
- c. **Regulatory Compliance:** To comply with the federal and state statutes, rules, regulations and other requirements governing the Mixing System, and all direction given by the TOC.

- d. **Reports:** To prepare and submit annual reports summarizing the operation, maintenance and monitoring activities and other matters of interest as agreed by the PARTIES or otherwise required by federal or state authorities. At a minimum, the CITY shall provide a report summarizing the daily hours of operation for the Mixing System. The CITY shall also provide such other written or oral reports regarding the operation and maintenance of the Mixing System as may be reasonably requested by any of the other two PARTIES.
- e. **Budget:** To prepare, in cooperation with the TOC, and submit an annual proposed budget for continued operation and maintenance of the Mixing System in the forthcoming fiscal year (July 1st to June 30th). Said budget must be submitted to the DISTRICT and COUNTY for review and approval no later than 90 days (March 1st) prior to the commencement of the new fiscal year. The budget shall estimate the expenditures necessary to operate and maintain the Mixing System in good working order. The budget should include a contingency fund, as agreed to by the TOC, to cover extraordinary and unforeseen expenses or to be used to replace, expand or otherwise enhance the Mixing System when mutually agreed. A template form for the budget proposal is attached as Exhibit 3 to this AGREEMENT. In the event that a budget acceptable to all PARTIES is not obtained prior to the start of the fiscal year, the CITY shall continue to operate and maintain the Mixing System to the fullest extent possible, subject to the reasonable discretion and available resources of the CITY and at the level of expenditure authorized by the most recently approved budget, and the PARTIES shall fund such budget until a new budget is approved. The CITY may draw upon any available contingency funds that have been set aside in prior years to support on-going operation of the Mixing System while a new budget is being reviewed and approved.
- f. **Cost Accounting:** To provide a financial statement itemizing and summarizing all expenses and charges incurred to operate and maintain the Mixing System for each calendar year. The CITY will provide the financial statement at the same time the budget proposal is submitted on March 1st of each year. A template form for the financial statement is attached as Exhibit 4 to this AGREEMENT. The CITY shall maintain copies of receipts as necessary to substantiate all cost accounting for a period of not less than 3 years after the expense is incurred and shall provide copies to PARTIES upon request.

- Books and Records:** Maintain, and retain for a period of not less than three (3) years following the termination of this AGREEMENT, full and accurate books and accounts in accordance with the practices established by or consistent with those utilized by the Controller of the State of California for public agencies. Such books and accounts shall be maintained on a fiscal year basis (July 1st to June 30th). Such books and accounts shall be maintained by the CITY as public records. All books and records developed in association with prior agreements between the PARTIES to share O&M costs for the Mixing System shall also continue to be preserved in accordance with the same terms and conditions specified for similar books and records generated in support of this AGREEMENT.
- Inspection:** To permit inspection of the Mixing System by representatives of the COUNTY, DISTRICT, LESJWA or other federal or state regulatory authorities upon request.
- Safety:** The CITY shall be responsible for the safety of all persons and property relative to the Mixing System. This responsibility shall be continuous and not be limited to normal working hours. The CITY's duty to ensure safety shall include, without limitation, the placement of warning signs and markers (e.g. buoys and lights) to protect the Mixing System and all persons working or recreating in Lake Elsinore and along its shoreline (safety activities). Because the CITY has rights and responsibilities related to recreation on Lake Elsinore that are separate from those of the DISTRICT, including but not limited to enforcement of CITY ordinances and the Lake Elsinore Lake Use Guidelines, the CITY shall coordinate all safety activities undertaken pursuant to this AGREEMENT, to the maximum extent practicable prior to commencing such activities. The PARTIES acknowledge that it may be necessary, from time to time, to modify existing CITY ordinances and the Lake Use Guidelines in order for the DISTRICT to implement necessary safety activities. The CITY shall not unreasonably withhold such modifications and will grant temporary authorization for the DISTRICT to implement necessary safety activities pending formal revision of related ordinances or Lake Use Guidelines for Lake Elsinore.
- COUNTY's Obligations.** Subject to all of the provisions of this AGREEMENT, the COUNTY hereby agrees to:
- Reports:** Coordinate and supervise LESJWA's preparation of an annual report to (i) estimate the number of offset credits generated by LEAMS in the prior year; (ii) estimate the number of offset credits needed by each of the PARTIES to maintain compliance with the TMDL and their respective NPDES discharge permits; and (iii) estimate the number of excess, unused offset credits that may be available for licensing to other stakeholders named in the TMDL. Report shall be distributed to all PARTIES by March 1st each year.

- b. **Coordinate with LESJWA** to license any excess, unused offset credits that the TOC elects to make available to other stakeholders named in the TMDL. However, all such licenses must be approved by unanimous consent of the TOC. Such consent shall not be unreasonably withheld.
- c. **Coordinate with the REGIONAL BOARD** to ascertain what documentation is required to: (i) corroborate the number of offset credits generated by LEAMS; (ii) corroborate the number of offset credits required by each of the PARTIES to ensure on-going compliance with the TMDL and their respective NPDES discharger permits; (iii) the number of offset credits that may be made available for licensing to other stakeholders named in the TMDL; and (iv) determine the duration and period for which a given set of offset credits remains valid for the purpose of demonstrating compliance with the TMDL load allocations or wasteload allocations.
- d. **Licensing Fees:** Make periodic recommendations to the TOC regarding reasonable fees to license excess, unused offset credits. The final fee structure must be approved by the TOC prior to entering into any licensing agreement with LESJWA or any other stakeholders named in the TMDL.

4. **Miscellaneous Provisions**

- a. **Independent Contractors:** The PARTIES shall perform all duties under this AGREEMENT as independent contractors and NOT as employees of one another.
- b. **Subcontractors:** The PARTIES may employ competent and qualified professionals, consultants and subcontractors as they deem necessary to fulfill their duties and obligations under this AGREEMENT provided that all related costs remain within the approved budget. Costs which exceed the approved budget must be approved, in advance, by the TOC unless said costs are required to address a bona fide emergency condition.
- c. **Assignment:** Neither this AGREEMENT nor any part of LEAMS may be assigned or otherwise transferred without prior written consent from all PARTIES.
- d. **Amendment:** This AGREEMENT may only be amended by mutual written agreement of all PARTIES. This AGREEMENT may not be amended by verbal agreement or through separate written agreements not contemplated within the AGREEMENT.

- e. **10-year Term:** The duty to meet all obligations and responsibilities identified in this AGREEMENT commences on the effective date shown on page 1 (above) and, unless subsequently extended by mutual written agreement of all PARTIES, terminates on June 30, 2027. During this term, no PARTY may abandon, sell, lease, dispose or substantially discontinue the use of LEAMS without prior written consent of all PARTIES.
- f. **Distribution of Surplus Funds:** If, upon termination of this AGREEMENT without extension, there are any unexpended funds in the custody and control of the PARTIES, including but not limited to any contingency or replacement funds, these funds shall be distributed to the PARTIES in proportion to the respective original contributions to such funds.
- g. **Early termination.** Any PARTY may terminate their participation in this AGREEMENT by providing one year's written notice to the other PARTIES. However, if a PARTY elects to terminate their participation prior to June 30, 2027 that PARTY forfeits and waives any claim for reimbursement of unexpended contingency and replacement funds collected in all prior years. In the event one PARTY elects an early termination, the other two PARTIES shall continue to implement the terms of this AGREEMENT but shall be absolved of any on-going duty or obligation to the departing PARTY.
- h. **Third Party Beneficiary.** The PARTIES acknowledge that the Lake Elsinore San Jacinto Watershed Authority (LESJWA) shall be a third-party beneficiary to this AGREEMENT in so far as reliable operation and maintenance of LEAMS is necessary to fulfill the terms and conditions set forth in any Exclusive License Agreement for Excess Offset Credits executed between the PARTIES and LESJWA. There are no other third party beneficiaries to this AGREEMENT.
- i. **Interpretation.** All provisions of this AGREEMENT shall be construed in a manner which best assures the long-term viability of LEAMS. All PARTIES share equal responsibility for drafting the language of this AGREEMENT.
- j. **Severability.** If any term, clause, sentence, provision, or paragraph of this AGREEMENT shall be held invalid, such invalidity shall not affect the other provisions of the AGREEMENT which can be given effect without the invalid provision, and to this end, the remainder of the AGREEMENT shall remain in full force and effect.

- k. **Budget Authority.** All PARTIES acknowledge that final authority to accept and approve a final budget for LEAMS rests with their respective governing Boards, Commissions and Councils. Members of the TOC can make agreement to recommend specific budgets actions, but cannot bind, their respective governing authorities. Consequently, no budget shall be deemed final until it is approved by the governing authorities for each of the PARTIES.
- l. **Arbitration:** Any dispute which may arise by and between the PARTIES to this AGREEMENT shall be submitted to binding arbitration. Arbitration shall be conducted by the Judicial Arbitration and Mediation Services, Inc., or its successor, or any other neutral, impartial arbitration service that the PARTIES mutually agree upon in accordance with its rule in effect at the time of the commencement of the arbitration proceeding, and as set forth in this Paragraph. The arbitrator chosen 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. Upon a showing of good cause, the arbitrator may permit limited discovery in the arbitration proceeding. Unless the PARTIES enter into a written stipulation 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 its rules for such mediation.
- m. **Enforced Delay; Extension of Times of Performance:** In addition to specific provisions of this AGREEMENT, performance by any party hereunder shall not be deemed to be in default, and all performance and other dates specified in this AGREEMENT shall be extended, where delays or defaults are due to war; terrorism, moratorium, insurrection, strikes; lockouts; riots; floods, earthquakes; fires; casualties; acts of God; acts of a public enemy; epidemics; quarantine restrictions; freight embargos; litigation; unusually severe weather; acts or failures to act of any other public or governmental agency or entity (other than the acts or failures to act of the PARTIES); or any other cause(s) beyond the control or without the fault of the PARTY claiming an extension of time to perform, provided such cause would prevent the claiming PARTY from performing the provisions of this AGREEMENT. Notwithstanding any to the contrary in this AGREEMENT, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, or notice by the PARTY claiming such extension is sent to the other PARTIES with thirty (30) days of the commencement of the cause.

- n. **Attorney's Fees.** In the event any of the PARTIES hereto shall bring an action to enforce any term of this AGREEMENT to recover any damages for and on account of any breach of any term or condition of this AGREEMENT, it is mutually agreed that the prevailing party in such action shall recover all costs thereof including reasonable attorneys' fees.
- o. **COUNTERPART EXECUTION.** This AGREEMENT may be executed simultaneously, or in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. The AGREEMENT may be signed by fax or scanned by email signature.
- p. **Effective Date.** This AGREEMENT is deemed effective upon execution by all of the PARTIES and, for budgeting and funding purposes, is retroactive to July 1, 2016.

IN WITNESS WHEREOF, the PARTIES acknowledge their acceptance of this AGREEMENT by affixing their signature(s) below.

[SIGNATURE PAGE(S) TO FOLLOW]

For the CITY OF LAKE ELSINORE:

Date

Mayor

Approved As To Form

6-12-2017

Date

Counsel for the City of Lake Elsinore

Attestation

6/20/17

Date

City Clerk

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT

Date

President, Board of Directors

Approved As To Form

Date

Counsel for EVMWD

For the COUNTY OF RIVERSIDE

Date

Chairman, Board of Supervisors

Approved As To Form

Date

Counsel for the County of Riverside

Attested

Date

Clerk for the Board of Supervisors

For the CITY OF LAKE ELSINORE:

Date

Mayor

Approved As To Form

Date

Counsel for the City of Lake Elsinore

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT

5/17/17
Date



President, Board of Directors

Approved As To Form

5/11/17
Date



Counsel for EVMWD

For the COUNTY OF RIVERSIDE

Date

Chairman, Board of Supervisors

Approved As To Form

Date

Counsel for the County of Riverside

Attested

Date

Clerk for the Board of Supervisors

For the CITY OF LAKE ELSINORE:

Date

Mayor

Approved As To Form

Date

Counsel for the City of Lake Elsinore

For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT

Date

President, Board of Directors

Approved As To Form

Date

Counsel for EVMWD

For the COUNTY OF RIVERSIDE

Date

MAY 23 2017

Chairman, Board of Supervisors

JOHN TAVAGLIONE

Approved As To Form

Date

5-10-2017

Counsel for the County of Riverside

Aaron C. Gettis

Attested

Date

MAY 23 2017

Clerk for the Board of Supervisors

Attachment C: Annual Operator Costs and Contingency Fund Contributions FYE 2015 through 2017

	FYE 2015 Budget	FYE 2015 Actual	FYE 2016 Budget	FYE 2016 Actual	FYE 2017 Budget	FYE 2017 Actual
County of Riverside Expenditures						
Payments to Operator Partners						
Elsinore Valley Municipal Water District, Aeration Project Invoiced Total:	\$ -	\$ 97,422	\$ -	\$ 86,572	\$ -	\$ 85,586
Operations & Maintenance Costs:	\$ -	\$ 68,088	\$ -	\$ 57,238	\$ -	\$ 56,252
Reserve Fund Sources and Uses:	\$ -	\$ 29,334	\$ -	\$ 29,334	\$ -	\$ 29,334
City of Lake Elsinore, Mixing Project Invoiced Total:	\$ -	\$ 48,667	\$ -	\$ 48,667	\$ -	\$ 48,667
Total:	\$ -	\$ 146,089	\$ -	\$ 135,239	\$ -	\$ 134,253

	FYE 2015 Budget	FYE 2015 Actual	FYE 2016 Budget	FYE 2016 Actual	FYE 2017 Budget	FYE 2017 Actual
Elsinore Valley Municipal Water District						
Payments to Operator Partners						
City of Lake Elsinore, Mixing Project	\$ -	\$ 48,667	\$ -	\$ 48,667	\$ -	\$ 48,667
invoiced Total:						
Lake Aeration Project						
Operations & Maintenance Costs						
Direct Labor:	\$ 19,089	\$ 21,926	\$ 27,586	\$ 10,345	\$ 28,918	\$ 12,095
Repairs - Material:	\$ 11,900	\$ 1,590	\$ 37,000	\$ 14,280	\$ 37,000	\$ 30,918
Repairs – Outside Services	\$ 82,000	\$ 38,650	\$ 82,000	\$ 34,500	\$ 82,000	\$ 25,879
Insurance:	\$ 408	\$ 408	\$ 404	\$ 381	\$ 404	\$ 381
Power:	\$ 90,000	\$ 86,920	\$ 130,000	\$ 128,654	\$ 135,000	\$ 100,715
Total:	\$ 203,397	\$ 149,494	\$ 276,990	\$ 188,160	\$ 283,322	\$ 169,988
Note: EVMWD bills versus the actual, the balance of remaining funds are NOT added to the project Contingency Fund.						
Reserve Fund Sources and Uses						
Replacement Fund Reserve:	\$ 88,000	\$ 88,000	\$ 88,000	\$ 88,000	\$ 88,000	\$ 88,000
Reserve Fund Balance						
Total Replacement Fund Reserve:	\$ -	\$ 459,992	\$ -	\$ 547,992	\$ -	\$ 635,992

	FYE 2015 Budget	FYE 2015 Actual	FYE 2016 Budget	FYE 2016 Actual	FYE 2017 Budget	FYE 2017 Actual
City of Lake Elsinore						
Payments to Operator Partners						
Elsinore Valley Municipal Water District, Aeration Project Invoiced Total:	\$ -	\$ 97,422	\$ -	\$ 86,572	\$ -	\$ 85,586
Operations & Maintenance Costs:	\$ -	\$ 68,088	\$ -	\$ 57,238	\$ -	\$ 56,252
Reserve Fund Sources and Uses:	\$ -	\$ 29,334	\$ -	\$ 29,334	\$ -	\$ 29,334
Total:	\$ -	\$ 97,422	\$ -	\$ 86,572	\$ -	\$ 85,586
Lake Mixing Project						
Salaries & Benefits, Operations & Maintenance Costs						
Direct Labor:	\$ -	\$ 86,812	\$ -	\$ 8,810	\$ -	\$ 4,506
Repairs - Material:	\$ -	\$ 1,106	\$ -	\$ 2,169	\$ -	\$ 21,696
Repairs – Outside Services	\$ 4,500	\$ 15,671	\$ 2,000	\$ 68,433	\$ 50,000	\$ 24,704
Insurance:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power:	\$ 22,500	\$ 23,146	\$ 14,000	\$ 13,750	\$ 10,000	\$ 13,054
Total:	\$ 27,000	\$ 126,735	\$ 16,000	\$ 93,162	\$ 60,000	\$ 63,960
Reserve Fund Sources and Uses						
Replacement Fund Reserve:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund (Fund 631) Balance						
Total Replacement Fund Reserve:	\$ -	\$ 178,051	\$ -	\$ 232,093	\$ -	\$ 284,769

Attachment D: LEAMS Program Implementation Schedule

CY	FY	Date	LEAMS-related ACTIVITY
LEAMS Calendar Year 2016	FY2015-16	Jan., 2016	Task Force draft budget for FY16-17; est. CY2016 LEAMS credits needed
		Feb., 2016	
		Mar., 2016	Task Force final budget for FY16-17; incl. est. CY2016 LEAMS credit fees
		Apr., 2016	
		May, 2016	
		June, 2016	
	Fiscal Year 2016-2017	July, 2016	LESJWA sends out Task Force invoices for FY16-17
		Aug., 2016	
		Sep., 2016	
		Oct., 2016	Task Force members pay LESJWA invoices for FY16-17
		Nov., 2016	
		Dec., 2016	
LEAMS Calendar Year 2017	Fiscal Year 2016-2017	Jan., 2017	Task Force draft budget for FY17-18; est. CY2017 LEAMS credits needed
		Feb., 2017	
		Mar., 2017	Task Force final budget for FY17-18; incl. est. CY2017 LEAMS credit fees
		Apr., 2017	Partners certify credits generated & available for Calendar Year 2016
		May, 2017	LESJWA pays LEAMS Partners for 2016 credit licenses
		June, 2017	
	Fiscal Year 2017-2018	July, 2017	LESJWA sends out Task Force invoices for FY17-18
		Aug., 2017	LESJWA submits annual report for CY2016 LEAMS credits to Reg. Bd.
		Sep., 2017	
		Oct, 2017	Task Force members pay invoices for FY17-18
		Nov., 2017	
		Dec., 2017	
LEAMS Calendar Year 2018	Fiscal Year 2017-2018	Jan., 2018	Task Force draft budget for FY18-19; est. CY2018 LEAMS credits needed
		Feb., 2018	
		Mar., 2018	Task Force final budget for FY18-19; incl. est. CY2018 LEAMS credit fees
		Apr., 2018	Partners certify credits generated & available for Calendar Year 2017
		May, 2018	LESJWA pays LEAMS Partners for 2016 credit licenses
		June, 2018	
	Fiscal Year 2018-2019	July, 2018	LESJWA sends out Task Force invoices for FY18-19
		Aug., 2018	LESJWA submits annual report for CY2017 LEAMS credits to Reg. Bd.
		Sept. 2018	
		Oct., 2018	Task Force members pay invoices for FY18-19
		Nov., 2018	
		Dec., 2018	
LEAMS CY 2019	Fiscal Year 2018-2019	Jan., 2018	Task Force draft budget for FY18-19; est. CY2017 LEAMS credits needed
		Feb., 2018	
		Mar., 2018	Task Force final budget for FY18-19; incl. est. CY2018 LEAMS credit fees
		Apr., 2018	Partners certify credits generated & available for Calendar Year 2017
		May, 2018	LESJWA pays LEAMS Partners for 2017 credit licenses
		June, 2018	

