

JOINT POWERS AGREEMENT
CREATING THE
LAKE ELSINORE AND SAN JACINTO WATERSHEDS AUTHORITY

THIS JOINT POWERS AGREEMENT ("Agreement") is made and entered into by and between the CITY OF CANYON LAKE, the ELSINORE VALLEY MUNICIPAL WATER DISTRICT, the CITY OF LAKE ELSINORE, the COUNTY OF RIVERSIDE, the RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT and the SANTA ANA WATERSHED PROJECT AUTHORITY (individually and collectively referred to herein as the "PARTY" or "PARTIES", "MEMBER" or "MEMBERS", "MEMBER AGENCY" or "MEMBER AGENCIES".

RECITALS

A. Each of the PARTIES is a public agency and each is authorized and empowered to contract with all the other PARTIES for the joint exercise of powers under Article I, Chapter 5, Division 7, Title 1 of the California Government Code, Sections 6500 et seq.

B. Each of the PARTIES has the authority and power to rehabilitate and improve watersheds and water quality for the public benefit and to create a separate public agency to carry out such power.

C. The PARTIES recognize the public necessity for jointly undertaking projects to rehabilitate and improve the Lake Elsinore and San Jacinto Watersheds in order to protect agricultural lands and wildlife habitat, and enhance recreational resources and water quality.

D. This Agreement is made in accordance with the requirements of the California Water Code, Section 79104.100 et seq., which authorizes State-administered loans and grants for watershed rehabilitation and improvement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES OF THE PARTIES HERETO, AND THE PROVISIONS, CONDITIONS AND TERMS PROVIDED FOR HEREIN, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1: CREATION AND PURPOSE

1.1 Creation of Separate Public Agency.

There is hereby created a public agency known as the "Lake Elsinore and San Jacinto Watersheds Authority" (hereinafter referred to as the "Authority"), pursuant to the provisions of the California Government Code, Sections 6500, et seq. It is the intent of the PARTIES that the Authority shall be a public agency separate from the PARTIES.

1.2 Territorial Boundaries.

The territorial boundaries of the Authority are coterminous with the boundaries of the San Jacinto and Lake Elsinore Watersheds tributary to Lake Elsinore, as depicted on Exhibit "A", which exhibit is attached hereto and made a part hereof.

1.3 Purpose of the Authority.

The purpose of the Authority is to implement projects and programs to improve the water quality and habitat of Lake Elsinore and its back basin consistent with the Lake Elsinore Management Plan and to rehabilitate and improve the San Jacinto and Lake Elsinore Watersheds and the water quality of Lake Elsinore, in order to preserve agricultural land, protect wildlife habitat, protect and enhance recreational resources, and improve lake water quality, all for the benefit of the general public.

ARTICLE 2: POWERS OF THE AUTHORITY

2.1 Powers.

The Authority shall have the power, in its own name, to do any and all of the following:

- (a) To make and enter into contracts, leases and other agreements;
- (b) To employ agents, employees, consultants, advisors, independent contractors and other staff;
- (c) To incur debt, liabilities and obligations;
- (d) To acquire, hold or dispose of real or personal property;
- (e) To exercise the power of eminent domain provided that the property to be acquired is uninhabited and all of the Member Agencies approve;
- (f) To acquire, construct, manage, maintain and operate any buildings, works or improvements;

- (g) To sue and be sued in its own name;
- (h) To raise revenue, to levy and collect rates, fees and charges, and to issue bonds, notes, warrants and other evidences of indebtedness to finance costs and expenses incidental to the purpose of the Authority;
- (i) To apply for, receive and utilize grants and loans from any source available;
- (j) To contract with the State and Federal Governments and other agencies;
- (k) To rehabilitate and improve the Lake Elsinore and the San Jacinto Watersheds and the water quality of Lake Elsinore by means of the following programs and projects:
 - (1) Watershed monitoring;
 - (2) Storm channel modifications;
 - (3) Nutrient control;
 - (4) Aeration;
 - (5) Wetlands restoration and enhancement;
 - (6) Wildlife habitat enhancement;
 - (7) Fishery enhancement;
 - (8) Calcium quicklime treatment;
 - (9) Sediment removal.
- (l) To exercise jointly the common powers of the PARTIES to rehabilitate and improve watersheds;
- (m) To enter into cooperative agreements with interested parties and stakeholders within the two watersheds including, without limitation, the Canyon Lake Property Owners Association, the Riverside-Corona Resource Conservation District, the San Jacinto Resource Conservation District and the Lake Elsinore-Murrieta-Anza Resource Conservation District.

(n) Pursuant to California Government Code, Section 6509, the Authority's power shall be exercised in the manner subject to the restrictions provided for under the law applicable to municipal water districts (California Water Code, Section 71250 et seq., and Public Contract Code, Sections 20640-20645).

2.2 Liabilities.

The debts, liabilities and obligations of the Authority shall be the debts, liabilities and obligations of the Authority alone, and not of the MEMBER AGENCIES.

2.3 Consistency With Objectives

The PARTIES acknowledge and agree that the Authority shall exercise its powers in a manner that will be consistent with the objectives of the Santa Ana Watershed Project Authority and the Lake Elsinore Management Plan.

ARTICLE 3: EFFECTIVE DATE; NEW MEMBERS

3.1 Effective Date.

This Agreement shall become effective and the Authority shall be created as of March 8, 2000, provided that Water Code, Sections 79104.100 et seq. are enacted into law by the California electorate and the governing bodies of the PARTIES to this Agreement have executed this Agreement.

3.2 New Members.

In the event any entity desires to become a member of the Authority after its formation, upon approval of two-thirds of the Board of Directors, the Authority and the prospective member shall execute a memorandum specifying the obligations of the prospective member for contributions towards past or present Authority expenditures.

ARTICLE 4: GOVERNING BODY

4.1 Composition.

The governing body of the Authority shall be a Board of Directors composed of one Director or one alternate to serve in the absence of the Director, appointed by each MEMBER AGENCY. Each Director and each alternate shall also be members of the appointing MEMBER AGENCY's governing board and shall serve at the appointing board's pleasure.

4.2 Meetings.

The Board of Directors shall meet not less than once per calendar quarter, and shall establish by resolution a regular meeting schedule. At its first meeting, the Board shall provide for the time and place of holding its regular meetings, which place shall be within the territorial boundaries of the Authority, and may be at a location different from that specified at Section 6.1. From time-to-time, special meetings may be called at the request of the Chair of the Board or of a majority of the Directors. Notice of all meetings shall be furnished in writing to each member of the Board of Directors and to each PARTY to this Agreement prior to the time appointed for the meeting. The meetings of the Board of Directors shall be open to the public and shall be noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act as set forth in the California Government Code, Sections 54950. et seq.

4.3 Quorum.

A majority of the MEMBER AGENCIES represented on the Board of Directors at any duly-noticed meeting shall constitute a quorum for the transaction of business.

4.4 Voting.

Each Director, or in the Director's absence, the alternate, shall have one vote. Except as otherwise provided herein, all actions of the Board shall be passed upon the affirmative vote of a majority of the Board of Directors; provided, however, that no plan or program shall be implemented within any Member's jurisdictional boundaries without that Member's prior approval.

4.5 Meeting Rules.

The Board of Directors may adopt, from time-to-time, such rules and regulations for the conduct of its affairs as may be required.

4.6 Powers of the Board.

The Board of Directors shall have the following express powers, duties and responsibilities:

- (a) Election of Authority officers;
- (b) Action on the annual budget of the Authority;
- (c) Action on amendments to this Agreement;
- (d) The exercise of powers of the Authority, including promulgation of policies, procedures and rules.

ARTICLE 5: OFFICERS AND COMMITTEES

5.1 Officers.

The officers of the Authority shall include a Chair, Vice Chair and a Secretary-Treasurer. The public officer, officers or persons who have charge of, handle or have access to any property of the Authority shall file an official bond in an amount to be fixed by the Board of Directors.

5.2 Elections.

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

5.3 Installation and Term.

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

5.4 Other Board Officers.

The Board of Directors may elect such additional officers as may be appropriate and with such duties and authority as the Board may determine.

5.5 Resignation/Removal.

Any officer may be removed, either with or without cause, by a majority vote of the Board of Directors at any duly-noticed regular or special meeting. Any officer may resign at any time by giving written notice. Any such resignation shall be effective at the date of receipt of such notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation shall not be necessary to make it effective.

5.6 Chair.

The Chair shall preside at all meetings of the Board, and shall exercise and perform such other powers and duties as may be assigned from time-to-time by the Board of Directors.

5.7 Vice Chair.

In the absence or disability of the Chair, the Vice Chair shall perform all of the duties of the Chair and, when so acting, shall have all of the powers of and be subject to all of the restrictions on the Chair. The Vice Chair shall have such other powers and perform such other duties as the Board may prescribe.

5.8 Secretary-Treasurer.

In the absence or disability of the Chair and Vice Chair, the Secretary-Treasurer shall perform all of the duties of the Chair and, when so acting, shall have all of the powers of and be subject to all of the restrictions on the Chair. The Secretary-Treasurer shall have such other powers and perform such other duties as the Board may prescribe.

5.9 Committees.

The Authority shall have standing and other committees as may be created by the Board of Directors or the Chair. Committees of the Authority shall have the powers, duties and responsibilities as delegated and directed by the appointing person.

5.10 Compensation.

Board members, or in a Director's absence, the alternate, may be compensated for attendance at all regular and special meetings of the Board or of any committee as a committee member pursuant to resolution of the Board.

ARTICLE 6: BUSINESS OFFICE AND STAFF

6.1 Location.

Subject to the provisions of Paragraph 6.2 below, the Authority's business office shall initially be located at the offices of the SANTA ANA WATERSHED PROJECT AUTHORITY ("SAWPA") in Riverside, California. The Board of Directors may, from time-to-time, change by resolution the location of the Authority's business office.

6.2 Authority Administrator and Other Staff.

(a) The Board of Directors shall appoint an Authority Administrator who shall be responsible for the general administration of the business and activities of the Authority as directed by the Board;

(b) The Authority Administrator, with the concurrence of the Board of Directors, shall provide for the appointment of such other staff of the Authority as may be necessary for the administration of the Authority;

ARTICLE 7: FINANCES

7.1 Budgets.

The Authority shall exercise its powers pursuant to General Budgets and/or Project Budgets.

7.2 Sources of Funds.

The primary source of funds available to the Authority shall be funds appropriated to it by the State Legislature through the State Water Resources Control Board, pursuant to California Water Code, Sections 79104.100 et seq., and matching federal funds. Secondly, funds may be obtained from the MEMBER AGENCIES and from any other available source.

7.3 General Budgets.

Annually at the June meeting of the Board of Directors, a General Budget may be adopted for the ensuing fiscal year for the purpose of funding general administration, and the study of matters of general benefit to the Authority. General Budgets shall be adopted by the affirmative vote of a majority of the Board of Directors.

7.4 Specific Project Budgets.

For matters not deemed to be of general benefit to the Authority, the Authority shall function through the identification and implementation of "specific projects". A specific project may involve less than all of the MEMBERS of the Authority, provided that no MEMBER shall be involved without its approval. Only those members of the Board of Directors representing the MEMBER AGENCIES who will be involved in the specific project shall participate in any decisions concerning the specific project.

7.5 MEMBER AGENCY Contributions to Budgets.

In the event any budget requires a financial contribution from any MEMBER AGENCY, such contribution shall be due, payable and delivered to the Authority within 30 days after receipt of the billing therefor from the Authority. To the extent permitted by state law, unpaid, past due contributions shall bear interest at the legal rate of interest from the date due to the date paid. In the event a MEMBER AGENCY fails or refuses to make a contribution, such MEMBER shall not be entitled to participate in any of the activities proposed to be funded by the affected budget.

7.6 Funds and Accounts.

(a) The Authority shall cause to be established and maintained such funds and accounts as may be required by law and good accounting practices. Separate accounts

shall be established and maintained for each specific project under development or adopted and implemented by the Authority. Books and records of the Authority shall be open to inspection at all reasonable times by authorized representatives of MEMBER AGENCIES and the public. A quarterly unaudited financial statement shall be produced and distributed to the Board of Directors and all MEMBER AGENCIES. The Authority shall adhere to the standard of strict accountability for funds set forth in Government Code, Section 6505.

(b) Pursuant to Government Code, Sections 6505.1 and 6505.6, the Secretary-Treasurer, the Authority Administrator, Chief Financial Officer or Controller and such other persons as the Board of Directors may designate shall have charge of, handle and have access to the property of the Authority. The Chief Financial Officer or Controller shall be designated by the Authority Administrator and shall have the powers, duties and responsibilities specified under California law including Section 6505 and following of the Government Code, and shall draw checks against authorized demands against the Authority.

(c) The Authority shall secure and pay for fidelity bonds, in an amount or amounts and in the form specified by law, covering the Secretary-Treasurer, Authority Administrator, the Chief Financial Officer or Controller and such other officers and staff of the Authority who are authorized to hold or disburse funds of the Authority, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

7.7 Annual Audit.

Pursuant to Government Code, Section 6505, the Authority shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Authority, conforming in all respects with the requirements of that section. A written report of the audit shall be filed as a public record with the County Auditor of the county where the office of the Authority is located, the State Controller and with each MEMBER AGENCY within six months of the end of the fiscal year under examination. Costs of the audit shall be considered a general expense of the Authority.

7.8 Fiscal Year.

The fiscal year of the Authority shall be from July 1 to June 30, following.

ARTICLE 8: INSURANCE AND INDEMNIFICATION

8.1 Insurance.

The Authority shall provide insurance in accordance with the following requirements:

(a) **Commercial General Liability/Umbrella Insurance.** Primary insurance shall be provided with total limits no less than \$1,000,000 per occurrence for all coverages and \$2,000,000 general aggregate. The MEMBER AGENCIES and their employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the MEMBER AGENCIES. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Umbrella Liability Insurance (over primary) shall apply to bodily injury/property damage, personal injury/advertising injury, at a minimum, and shall include a "drop down" provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary policies but covered by the umbrella policy. Coverage shall be following form to any underlying coverage. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. There shall be no cross liability exclusion. Policies shall have concurrent starting and ending dates.

(b) **Business Auto/Umbrella Liability Insurance.** Limits shall be no less than \$1,000,000 per accident. Starting and ending dates shall be concurrent. If the Authority owns no autos, a non-owned auto endorsement to the General Liability policy described above shall be provided.

(c) **Workers' Compensation/Employer's Liability.** Coverage shall be written on a policy form providing workers' compensation statutory benefits as required by law. Employer's liability limits shall be no less than \$1,000,000 per accident or disease. Employer's liability coverage shall be scheduled under any umbrella policy described above. This policy shall be endorsed to waive any right of subrogation as respects the MEMBER AGENCIES, their employees or agents.

(d) **Miscellaneous.** Unless otherwise approved by the MEMBER AGENCIES, the Authority's insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best's" Insurance Guide rating of "A:VII". Self-insurance will not be considered to comply with these insurance specifications. The Authority shall provide immediate notice to the MEMBER AGENCIES of any claim or loss against the Authority that includes any MEMBER AGENCY as a defendant. The MEMBER AGENCIES assume no obligation or liability by such notice, but have the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve a MEMBER AGENCY.

8.2 Absolute Indemnification.

The MEMBER AGENCIES, their employees, agents and officials should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other cost arising out of or in any way related to the Authority. Accordingly, the provisions of this indemnity are intended by the PARTIES to be interpreted and construed to provide the fullest protection possible under the law to the MEMBER AGENCIES.

Therefore, to the fullest extent permitted by law, the Authority shall defend, indemnify and hold harmless the MEMBER AGENCIES, their employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorney fees incurred by MEMBER AGENCIES, court costs, interest, defense costs (including expert witness fees) and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part to the activities of the Authority.

ARTICLE 9: AMENDMENTS, WITHDRAWAL OR DISSOLUTION

9.1 Amendment of Agreement.

This Agreement may be amended at any time by a two-thirds vote of the Board of Directors provided, however, that:

(a) Any meeting at which an amendment is to be acted upon shall require 30-days prior written notice of the proposal, with the specifics of the proposed amendment to be set forth in the notice; and

(b) No Amendment which increases the liability or financial obligation of a MEMBER AGENCY shall be approved without that MEMBER AGENCY's consent, or that MEMBER AGENCY being given the specific option to withdraw from the Authority.

9.2 Withdrawal.

Provided that withdrawal shall not result in a forfeiture of funds authorized under the Water Code, Section 79104.100 et seq. Any MEMBER AGENCY of the Authority shall have the right to withdraw its membership upon serving written notice of its intention thereof on the Authority and all other MEMBER AGENCY at least 120 days prior to the effective date of such withdrawal; provided, however, that no such withdrawal shall relieve the withdrawing MEMBER AGENCY from financial obligations theretofore incurred by it under this Agreement. Upon withdrawal of any MEMBER AGENCY, the withdrawing MEMBER AGENCY shall receive its proportionate (based on contribution) or otherwise defined (by agreement of the PARTIES) share of the assets of the Authority (or the

equivalent value thereof) within a reasonable amount of time after withdrawal and shall contribute its proportionate or otherwise defined share towards the discharge of any enforceable liabilities incurred by the Authority as the same appear on the books of the Authority.

9.3 Dissolution.

(a) The Authority may be dissolved upon a vote of not less than two-thirds of the Board of Directors at least 120 days before the effective date of such dissolution; provided, however, that no such dissolution shall relieve the MEMBER AGENCIES from financial obligations theretofore incurred by them under this Agreement.

(b) Upon dissolution of the Authority, each MEMBER AGENCY shall receive its proportionate or otherwise defined share of the assets of the Authority within a reasonable amount of time after dissolution, and each member shall contribute its proportionate or otherwise defined share towards the discharge of any enforceable liabilities incurred by the Authority as the same appear on the books of the Authority.

(c) In the event it is impractical to distribute a proportionate or defined share of the assets to the MEMBER AGENCIES, then any property interest remaining in the Authority following a discharge of all obligations shall be disposed of pursuant to a plan adopted by three-fourths majority vote of the Board of Directors.

ARTICLE 10: MISCELLANEOUS

10.1 Arbitration.

Any dispute which may arise by and between any of the MEMBER AGENCIES in connection with this Agreement may be submitted to binding arbitration. Arbitration shall be conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, in accordance with its rules that are in effect at the time of the commencement of the arbitration proceeding, and as set forth herein. 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 only for material errors of fact or law in accordance with Section 1296 of the Code of Civil Procedure. Limited discovery may be conducted in the arbitration proceeding upon a showing of good cause and approval of the 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./Endispute, or its successor, in accordance with its rules and procedures for such mediation.

10.2 Severability.

Should any part of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any federal or California law, or otherwise be rendered unenforceable, the validity of the remaining parts shall not be affected thereby.

10.3 Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the successors of each of the MEMBER AGENCIES. The PARTIES to this Agreement shall not assign any rights or obligations under this Agreement without first obtaining approval by a four-fifths vote of the Board of Directors.

10.4 Notices.

Any notice authorized or required to be given pursuant to this Agreement shall be in writing and shall be given by mail, postage prepaid, or delivered during working hours to the addresses of the PARTIES as such addresses are communicated to the Authority from time-to-time.

10.5 Withdrawal by Operation of Law.

Should the participation of any PARTY to this Agreement be decided by the court to be illegal or in excess of that PARTY's authority or in conflict with any law, the Agreement's validity as to the remaining PARTIES shall not be affected thereby.

10.6 Multiple Originals.

This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the PARTIES have executed this Agreement on the day and year indicated.

CITY OF CANYON LAKE

Dated: _____

By _____
Mayor

IN WITNESS WHEREOF, the PARTIES have executed this Agreement on the day and year indicated.

Dated:

2/1/2000

By

CITY OF CANYON LAKE

Mayor

EASTERN MUNICIPAL WATER DISTRICT

Dated: _____

By _____

President, Board of Directors

EL SINORE VALLEY MUNICIPAL WATER
DISTRICT

Dated: _____

By _____

President, Board of Directors

CITY OF LAKE ELSINORE

Dated: _____

By _____

Mayor

COUNTY OF RIVERSIDE

Dated: _____

By _____

Chairman, Board of Supervisors

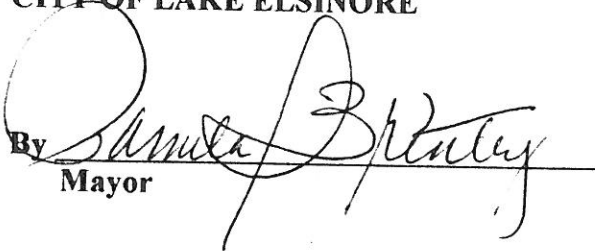
**ELSINORE VALLEY MUNICIPAL WATER
DISTRICT**

Dated: _____

By _____
President, Board of Directors

CITY OF LAKE ELSINORE

Dated: 4/24/2000

By 
Mayor

COUNTY OF RIVERSIDE

Dated: _____

By _____
Chairman, Board of Supervisors

SANTA ANA WATERSHED PROJECT AUTHORITY

Dated: _____

By _____
Chairman of the Commission

**RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT**

Dated: _____

By _____
Chairman

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

Dated: _____ By _____
President, Board of Directors

CITY OF LAKE ELSINORE

Dated: _____ By _____
Mayor

COUNTY OF RIVERSIDE

Dated: JUN 6 2000 By _____
VICE-CHAIRMAN, BOARD OF SUPERVISORS
James A. Venable

ATTEST:
GERALD A. MALONEY, Clerk

By _____
DEPUTY SANTA ANA WATERSHED PROJECT AUTHORITY

Dated: _____ By _____
Chairman of the Commission

RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Dated: _____ By _____
Chairman

FORM APPROVED
COUNTY COUNSEL
MAY 31
MAY 23 2000
BY _____ 14
11/1/00 364

IN WITNESS WHEREOF, the PARTIES have executed this Agreement on the day and year indicated.

CITY OF CANYON LAKE

Dated: _____ By _____
Mayor

EASTERN MUNICIPAL WATER DISTRICT

Dated: _____ By _____
President, Board of Directors

ELSINORE VALLEY MUNICIPAL WATER
DISTRICT

Dated: 3-22-00 By W Ben Nichols
President, Board of Directors

CITY OF LAKE ELSINORE

Dated: _____ By _____
Mayor

COUNTY OF RIVERSIDE

Dated: _____ By _____
Chairman, Board of Supervisors

**ELSINORE VALLEY MUNICIPAL WATER
DISTRICT**

Dated: _____ **By** _____
President, Board of Directors

CITY OF LAKE ELSINORE

Dated: _____ **By** _____
Mayor

COUNTY OF RIVERSIDE

Dated: _____ **By** _____
Chairman, Board of Supervisors

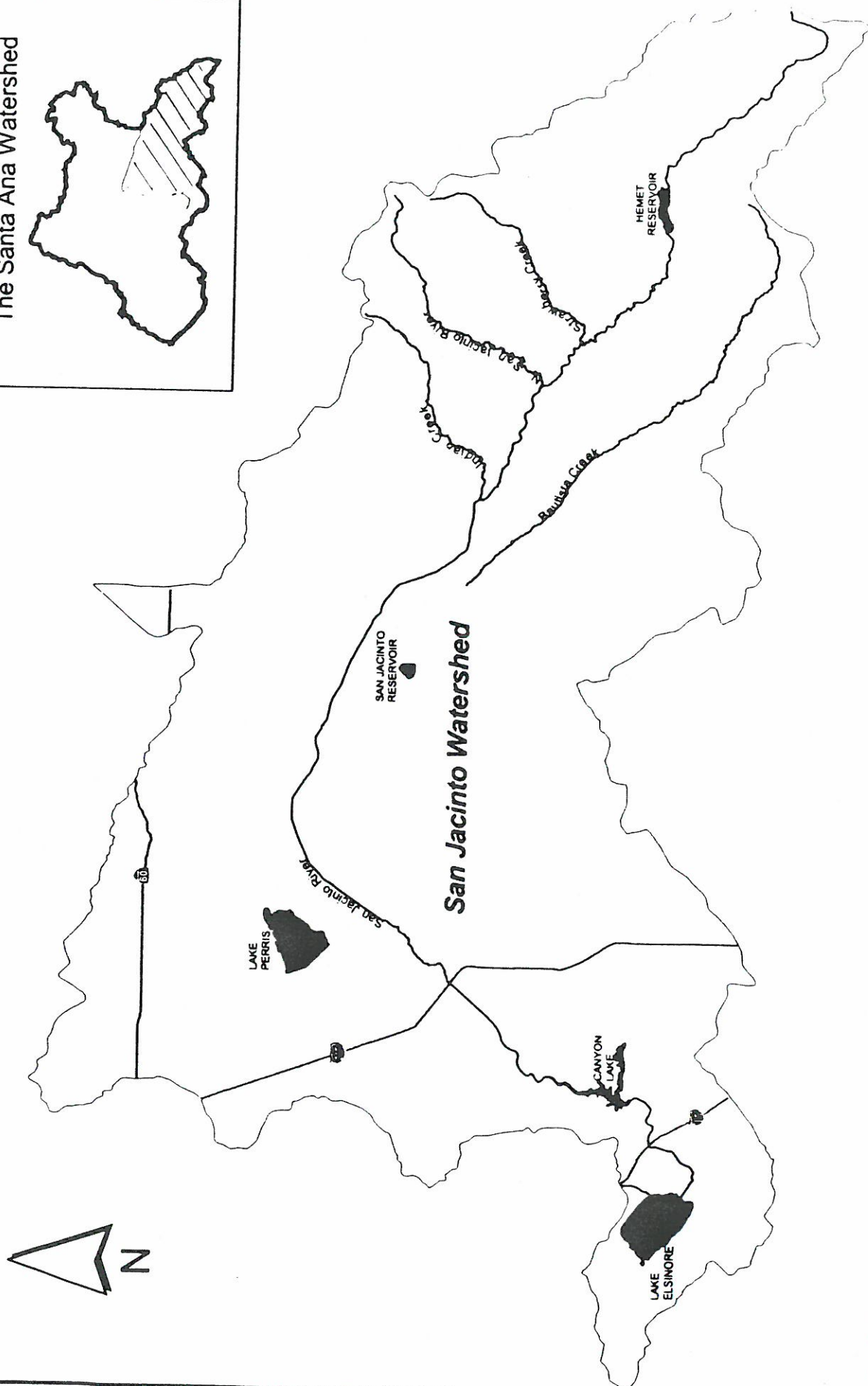
SANTA ANA WATERSHED PROJECT AUTHORITY

Dated: 4-19-2000 **By** John L. Anderson
Chairman of the Commission

**RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT**

Dated: _____ **By** _____
Chairman

**San Jacinto / Lake Elsinore
Joint Powers Authority**



3 0 3 6 9 Miles

PATH NAME	P:\projects\el shedel shed exp	MAP NUMBER	9 100
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EXHIBIT A

Lake Elsinore & San Jacinto Watersheds Authority



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

2014 Business Plan Update

Prepared by

Mark R. Norton PE, LEED AP

Santa Ana Watershed Project Authority

LESJWA Authority Administrator

Executive Summary

The Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) is a joint powers authority formed as an umbrella agency consisting of five member agencies. The authority was originally formed in 2000 because lakes in these local watersheds overlie or are surrounded by multiple agencies. It is more efficient, cost effective and practical to address water quality improvements at the lake and within the watershed collectively through the joint powers authority than as individual governing bodies.

Over the past decade, significant improvements to water quality have been accomplished by LESJWA at both Lake Elsinore and Canyon Lake. However, more work is needed to meet challenging water quality requirements established by the Regional Board for 2015 (interim) and 2020 (final). At the same time funding to build future capital improvements to meet lake standards and to pay for the improvements' operation and maintenance costs are diminishing. To meet these challenges requires developing a revenue stream that will empower the Joint Power Authority to continue operations on behalf of its member agencies.

The Joint Powers Authority has explored various options that will address the anticipated funding shortfall, improve operational effectiveness and address capital improvements. Many of these activities were proposed in 2010 and have been accomplished. Some additional options to generate revenue are now reflected for this 2014 update are now recommended:

Year 2010 Business Plan

Status

- | | |
|--|--------------------|
| 1. Pursue State and Federal Grant Funding | Accomplished |
| 2. Decrease annual costs | Accomplished |
| 3. Establish Lake Quality Improvement Contribution | Not feasible |
| 4. Establish TMDL Task Force Contribution for LESJWA | Accomplished |
| 5. Increase Cost Share Among LESJWA Agencies | Partially complete |

Year 2014 Business Plan

- | | |
|--|---------------------|
| 6. Add additional LESJWA JPA agencies with participation fee | Under investigation |
|--|---------------------|

With the implementation of increased voluntary funding shares from some of the LESJWA member agencies, decreased annual costs and some sharing of costs by the LE/CL TMDL Task Force as suggested under the original 2010 LESJWA Business Plan, the financial picture has improved with revenue projections indicating that the LESJWA can continue to fulfill its mission through FY 2014-15. Further, if additional funding as offered by the County of Riverside of an additional \$10K/yr over the next three years and by the RCFCWD of a new contribution of \$20/yr over the next three years occur, the financial stability of LESJWA would remain balanced through FY 2017-2018. However, financial stability concerns remain thereafter particularly if any of these voluntary increased funding contributions do not materialize.

This updated business plan now includes analysis of an additional option of generating new revenue by the involvement or participation of the Western Riverside Council of Governments or its member agencies as possible new JPA members who could help fund the LESJWA administrative costs in exchange for a seat and representation on the JPA Board.

This updated business plan describes the funding and expense reduction opportunities in detail to assist the LESJWA Board in providing the necessary information to ensure the long term sustainability of the organization. The primary beneficiaries of LESJWA existence continue to be the TMDL parties identified by the Regional Board as defined in the Lake Elsinore/Canyon Lake TMDL Task Force, which includes all the LESJWA member agencies except SAWPA.

This updated business plan was developed to help the LESJWA Board of Directors analyze and determine the most effective actions necessary to achieve long-term success.

Background and Overview

The Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) is a joint powers authority (JPA) formed in 2000 as result of State water bond language encouraging the formation of a joint powers agency consisting of the City of Lake Elsinore, the Santa Ana Watershed Project Authority (SAWPA), the Elsinore Valley Municipal Water District, and other agencies. The specific bond language citing the organization formation is defined in Proposition 13 Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act of 2000 wherein the organization formation was called out under Article 6 Lake Elsinore and San Jacinto Watershed Program, Section 79104.110. The joint powers authority was established initially to administer \$15 million dollars in bond funding for the implementation of programs to improve the water quality and habitat of Lake Elsinore and its back basin, consistent with the Lake Elsinore Management Plan. The members of the JPA are the following agencies, along with the current representatives:

City of Lake Elsinore	Bob Magee, Chair
Santa Ana Watershed Project Authority	Tom Evans, Vice Chair
Elsinore Valley Municipal Water District	Phil Williams, Secretary-Treasurer
City of Canyon Lake	Nancy Horton, Vice-Chair
County of Riverside	Kevin Jeffries

The LESJWA Board has authorized SAWPA to serve as the administrator for the organization. Mark Norton, SAWPA's Water Resources and Planning Manager, serves as the Authority Administrator.

Between its formation and 2014, LESJWA fully used and expended the \$15 million made available through the Proposition 13 Water Bond, as well as other grant funding applied for by LESJWA to benefit Lake Elsinore, Canyon Lake, and the San Jacinto River Watershed. The core of LESJWA's annual budget now comes from the contributions and expenses associated with Lake Elsinore and Canyon Lake Nutrient TMDL Task Force. Other than project grants, the only source of regular funding is an annual contribution from each member agency.

The primary activity of LESJWA is providing support to the Lake Elsinore and Canyon Lake (LE/CL) Nutrient Total Maximum Daily Load (TMDL) Task Force which shares LESJWA goals of water quality improvement at both Lake Elsinore and Canyon Lake. This Task Force was formed in 2006 to address a Santa Ana Regional Board issued nutrient TMDL for Lake Elsinore and Canyon Lake. Because the focus of the TMDL is on water quality of Lake Elsinore and Canyon Lake, LESJWA is the appropriate organization to serve as the administrative entity for the Task Force. This role is a similar role that SAWPA staff plays in administering the task forces in the Middle SAR Pathogen TMDL Task Force, and the Big Bear Lake Nutrient TMDL Task Force.

The Task Force selected LESJWA as the administrative support because LESJWA has implemented numerous improvement projects at both lakes, as well as extensive modeling and monitoring at the

lakes and watershed in the past. Further, the governing board of the LESJWA JPA has a history of administering lake improvements based on the previous decade of improvement at the lakes. Still, the staff that operates LESJWA is the SAWPA staff, so all activities and resources to operate the LE/CL TMDL Task Force generally are seamless with SAWPA's operations other than the separate fund accounting and the recognition of the LESJWA Board of Directors for all LESJWA-related activities and improvements.

Mission and Goals

JPA Purpose

The purpose of the Authority is to implement projects and programs to rehabilitate and improve the San Jacinto and Lake Elsinore Watersheds and the water quality of Lake Elsinore and Canyon Lake, in order to preserve agricultural land, protect wildlife habitat, protect and enhance recreational resources, and improve surface and subsurface water quality, all for the benefit of the general public.

JPA Goals

- To support planning, design and implementation of projects to improve water quality at both Lake Elsinore, Canyon Lake and the San Jacinto River Watershed
- To work with stakeholders to secure reliable funding to operate and maintain water quality improvement projects at both Lake Elsinore, Canyon Lake and the San Jacinto River Watershed
- To serve as administrator of the Lake Elsinore and Canyon Lake TMDL Task Force
- To seek ongoing reliable revenue to operate LESJWA JPA in fulfillment of its mission

Risks and Challenges

Financial Stability

In evaluating the financial picture of LESJWA, the risks and challenges of securing long term and stable funding is an important consideration. Since its formation, these needs for ongoing funding have been on the forefront of the Board and staff of the organization's agenda. In the early years of LESJWA, multiple studies were conducted to explore various options to address the short term and long term needs.

Historical LESJWA Funding Option Analysis

In 2000, the LESJWA Board authorized staff to hire consultants to develop a long - term financial plan for the agency to cover the anticipated operation and maintenance costs of the projects planned for implementation. The Board hired Harris & Associates to conduct this work. In August 2003, Harris and Associates presented the results of their analysis of long term funding mechanisms to the LESJWA Board. Three options for funding presented to the LESJWA Board included:

- Cost Share Among LESJWA Agencies
- Drainage Basin Utility Fee
- Regulatory Fee

The second option, Drainage Basin Utility Fee, was discussed in a report called the Preliminary Rate Analysis prepared by Harris & Associates. Upon review of this report by LESJWA Board, the Board recommended that the consultant further investigate the alternate funding mechanism of a Regulatory Fee. The regulatory fee was an innovative funding option proposed by Colantuono, Levin and Rozell, APC that utilizes the police powers of cities and the County to create a separate financing authority. This authority then would enact a regulatory fee to address runoff pollution from land use. A potential feature of the regulatory fee, as part of the Proposition 218 compliance, was the bypassing of a 2/3 majority vote of the watershed voters even though a regulatory fee to address the control of non-point source pollution has not been successfully implemented in the State of California.

A draft joint powers agreement was prepared to establish a separate financing organization to collect a regulatory fee to support operation and maintenance costs of LESJWA projects and a draft ordinance was prepared regulating activities that pollute public stormwater systems for the new Lake Elsinore and San Jacinto Watersheds Financing Authority.

Upon review by the LESJWA Board, the Board directed staff to present the regulatory fee concept to the City Councils of Lake Elsinore and Canyon Lake, as well as two of the county supervisors. The County Supervisors indicated that if local cities were behind the regulatory fee, then the regulatory fee concept be brought back to the County of Riverside Board of Supervisors for further consideration. In both city council presentations, the City Councils generally were opposed to any type of fee implementation appearing to bypass a public vote despite the fact that their cities stood to benefit the most from such a fee implementation.

In June 2004, the LESJWA Education and Outreach Committee recommended a polling survey in the watershed prior to proceeding with implementation of any fee and any education and outreach programs associated with a fee. The survey sought to determine how effective the LESJWA education and outreach messages have been in informing the public about LESJWA, to assess what the public knows about the new TMDL regulations, and to gauge public opinion as to the appropriate way to pay for TMDL compliance. The survey results presented to the LESJWA Board in January 2005 indicated that significant public education and outreach, as well as private campaign funding support, would be necessary to implement any type of new fee. Further, the survey results showed strong interest and support for the end goals of watershed and lake cleanup, but a substantial lack of support for any type of new fee to achieve these goals.

Concurrent with these actions, the local agencies agreed to fund the operation and maintenance costs of all the Proposition 13 LESJWA funded projects themselves. Consequently, the original intent of the financial plans to cover the operation and maintenance costs of LESJWA funded projects is no longer a major issue. Although the LESJWA projects reflect substantial improvement measures that will benefit both lakes, additional future water quality projects likely will be needed at Canyon Lake, Lake Elsinore and in the contributing watersheds to meet new long term water quality regulations established by the Santa Ana Regional Water Quality Control Board. The compliance deadline for the new water quality targets for the two lakes is the Year 2015 for some interim targets, and Year 2020 for final targets.

Thereafter, the LESJWA Board directed staff to discontinue further consideration of the regulatory fee for the following reasons: 1) a lack of public acceptance for establishing a drainage utility fee or

regulatory fee to support LESJWA's goals, 2) a lack of private campaign funding necessary to obtain a majority vote of land owners or the public at large, and 3) the reduced need for an additional funding source for operation and maintenance costs. The funding necessary to cover operation and maintenance costs of the implementation projects to date was provided by the local agencies operating the projects, or by joint agreement among the City of Lake Elsinore, EVMWD, and the County of Riverside, as in the case of the Lake Elsinore aeration system.

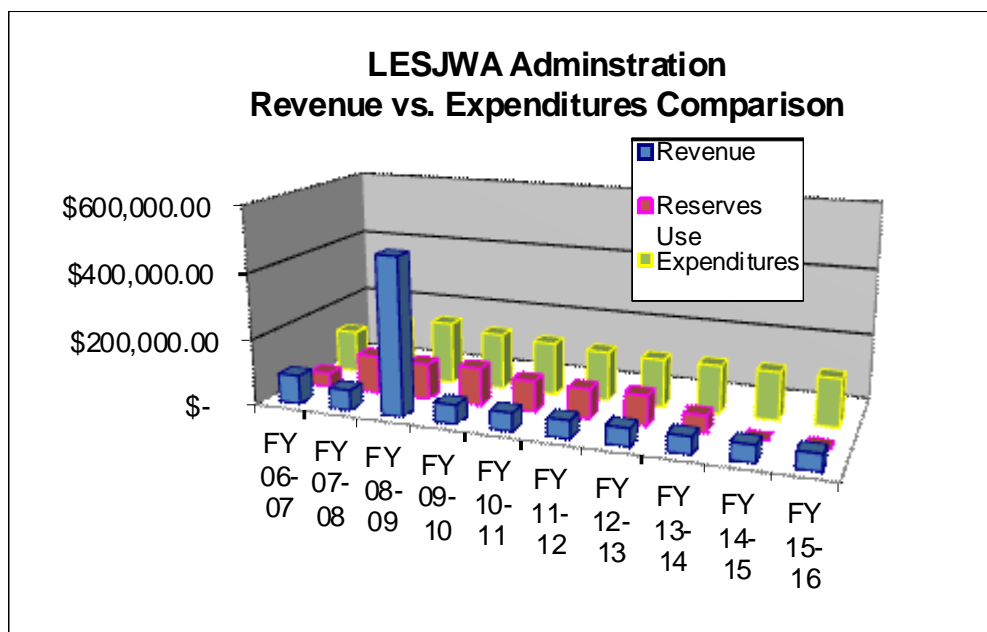
LESJWA Current Finances

LESJWA operated for its first eight years using Proposition 13 Water bond funding covering all project management, administrative, and JPA operation costs. To pay vendors until reimbursed by State grants, the LESJWA member agencies paid annual contributions of \$10,000 each to cover the SAWPA-LESJWA loan interest. Much of this funding was not necessary for interest payments and was carried over into the organization's reserves. The annual contribution for FY 14-15 of \$10,000 each by the City of Canyon Lake and SAWPA and \$20,000 each by EVMWD and the City of Lake Elsinore pays the majority of the JPA operations costs but are still insufficient to cover all costs in the long term. The annual costs to operate the JPA under its current mode of operations are approximately \$100,000 per year. LESJWA funds about \$17,000/year for annual education and outreach activities.

As there is only \$70,000 collected from member agencies annually, the organization is running short each year and no longer can rely on organization reserves to cover the annual funding shortfall. In FY 2009-10, the Canyon Lake POA donated to LESJWA the dredging equipment it owned because the funding to support the Canyon Lake desalting project came from LESJWA. This much-needed funding of \$394,000 was placed in reserves and helped in extending the life of LESJWA through FY 14-15.

Based on the FY 2014-15 Budget, the main source of funding coming into LESJWA will continue to be from the TMDL parties that are supporting the TMDL Task Force administration. The source of this funding is from the TMDL stakeholders; some of which are the LESJWA member agencies. Based on feedback from the TMDL task force, the Task Force understands that more of the costs to administer the task force should also pay for LESJWA JPA administration and agenda items that relate to the TMDL task force contracts and activities. In the past all LESJWA organization administration costs came from local contributions of the LESJWA member agencies.

One of the primary concerns with the long-term financial outlook for the organization is continued operation funding. With available reserves used to operate the agency and insufficient funding from member agency contributions, the agency will run out of sufficient funding to operate at its current operation level by 2017. Further LESJWA has no reserves to address emergency situations or needs for the future.



Note: Chart does not reflect LESJWA member agency contribution increases in FY 14-15, potential new increases from RCFCWD and County of Riverside or TMDL Task Force expenditures.

Short Term and Long Range Financial Plan Operations Funding Alternatives

Based on current projections, LESJWA will need to evaluate alternatives to find additional operational funding, reduce annual costs, or disband. Other options to support additional operational funding may include changes to the LESJWA governance or change in administration. These options are described as follows in priority order:

Pursue State and Federal Grant Opportunities

In order to continue building water quality improvement projects at Lake Elsinore and Canyon Lake, capital funding must be generated. Currently, there is no ongoing revenue defined for capital improvements. The most cost effective way to create capital funding would be to leverage local funding with State and Federal grant funding as it becomes available. At this time, the best opportunity for capital funding that could support improvements at both lakes is through the California Proposition 84 Water bond. The water bond has several chapters designating funding for specific purposes. This funding is now being released through various California departments depending on the chapter purposes.

One chapter of Proposition 84 of special interest is Chapter 2 Integrated Regional Water Management Program administered by the California Department of Water Resources. For Santa Ana funding area, of which the San Jacinto subwatershed and both Lake Elsinore and Canyon Lake fall within, the Chapter 2 funding is being released by DWR through multiple rounds of funding with the first round due on Jan. 7, 2011. The applications for funding under this chapter are first

administered through SAWPA as the designated regional water management group for the Santa Ana funding area. In June 2010, SAWPA administered a competitive call for projects based on defined criteria of Prop 84 Chapter 2 encouraging multi-beneficial multi-agency submittals. Under this first call for projects, LESJWA submitted a grant proposal to support the Canyon Lake oxygenation/aeration system. Unfortunately, the project was not short listed primarily because the project was not in a high state of readiness to implement nor was there any commitment in local funding match. Under the second round of funding from DWR, \$16 million was available for the entire Santa Ana region and 19 projects were short listed, one of which was the LESJWA Canyon Lake Alum Application. Round 2 will provide \$500,000 to reduce costs of the LE/CL TMDL Task Force for the alum application at Canyon Lake and assist with TMDL compliance. The chances of possible funding under future State grant funds are likely if a new \$7.5 billion water bond passed by the State Legislature and Governor on Aug. 13th is supported by the voters on November 4th 2014. .

LESJWA can also pursue federal grant funding which typically requires a 50-50 cost match between federal and local funding sources. At this time, federal funding to support capital projects for lake improvements appear to be somewhat limited. However staff can maintain lines of communication with federal offices of EPA, Reclamation and others to assure that federal grant funding opportunities are considered and applied for as they become available.

Reduce Annual Costs

Eliminate Education and Outreach

One of the most extensive costs for the agency on an annual basis is the education and outreach program. Annually, approximately \$17,000 is budgeted and spent for support of the education and outreach program with the consulting firm, O'Reilly Public Relations (OPR). OPR provides important support to LESJWA in providing bi-annual newsletters, op-ed articles, newspaper press releases, updates for website, talking points for emergency lake conditions events, coordination with the LESJWA Education and Outreach Committee, and support in arrangements for community presentations by LESJWA staff. While funding is still available from reserves, LESJWA continues to budget and fund the education and outreach program. However, as reserve funding diminishes, this program may need to be terminated. If \$17,000 in annual costs were eliminated, the annual LESJWA projected costs would be less than \$100,000. The downside to termination that would have the most impact is the elimination of readily available crisis management, messaging, and talking points with the media such as the occurrence of major fish kill incidents. The assistance of OPR was considered extremely helpful when these events have occurred.

Reduce Board meeting frequency

Another way to reduce costs is to reduce the meeting frequency (currently every other month). Fewer meetings will reduce administration costs associated with meeting agenda packets, minutes, legal support, and board participation. A transition from every other month to a quarterly meeting schedule will save an estimated \$15,000/year. The downside of meeting less frequently is the potential loss of cohesion among the member agency representatives, loss of institutional memory, delays in consultant contract approvals, and potential loss of value to the member agencies.

Alternative Administrative Support

Another way to reduce costs to consider, as an alternative to SAWPA's continued support as LESJWA's administrator, is to request outside administrative support services through a RFP

process for possible consultant support, or to have one of the LESJWA member agencies take over the administration. The administration costs to operate LESWA may decrease, but it is difficult to estimate by how much. The most significant downside would be the loss of institutional memory and the steep learning curve that any new administrator would need to address. Depending on the activity level, the administrator support must be adaptable to changing situations. Any administrator chosen should have sufficient support functions such as accounting, finance, administrative, legal and planning support. Oftentimes, the administrator will have to be proactive in grant writing and applications to support LESJWA goals. If State or Federal grants are successful, the full complement of support services to administer these grants is important. SAWPA has indicated that although it is willing to continue to support LESJWA indefinitely, issues of conflicting interest have arisen in competitive Statewide grant preparation, which may hinder LESJWA's efforts to pursue grant funding or exercise its autonomy as much as it may desire.

Generate New Sustainable Revenue

Lake Quality Improvement Funding

One possible funding option to support LESJWA is a funding source described as lake quality improvement funding, also known as a TMDL pollutant or water quality trading option. Under this scenario, upper watershed entities who must comply with nutrient reductions associated with the Lake Elsinore and Canyon Lake Nutrient TMDL may find it more economical to meet nutrient reductions through in-lake improvements and operations. The Regional Board defined a pollutant (water quality improvement) trading plan as a TMDL task deliverable and formerly supported this program as a legitimate approach for water quality improvement. If upstream parties that contribute nutrients to the lake were to pay for operation and maintenance costs for lake improvements that accomplish nutrient reductions at the lakes, a funding stream could be generated that could cover not just the operations of the lake improvement system, but also operation and management services of LESJWA. Currently, EVMWD, the City of Lake Elsinore, and the County of Riverside jointly operate the existing lake improvements originally funded by LESJWA/Proposition 13 Water Bond such as the Lake Elsinore aeration system. Other lake improvements at Lake Elsinore and Canyon Lake are expected due to water quality cleanup needs to meet the nutrient TMDLs at the lake.

The advancement of the lake quality improvement approach is dependent upon institutional agreements that must occur between lake operation entities and the upper watershed entities, 21 organizations in all. At this time, lake operation entities largely are obligated to continue operations to provide benefits to their local residents and to meet the State obligations to operate and maintain capital improvements funded by State grants. The Lake Elsinore aeration operators, the County of Riverside, City of Lake Elsinore, and EVMWD, had hoped that some lake projects would perform better than expected and show increased nutrient control beyond the original design parameters creating water quality credits that then could be sold to upstream parties. However, based on recent evaluation of Lake Elsinore aeration impacts and monitoring, no additional nutrient offset credits are evident by the Lake Elsinore aeration system at this time.

In consideration of a lake quality improvement program, each TMDL responsible party will want to know what specific amount of nutrient control they will be responsible for. This may include not just what comes off their properties, but also suppression of nutrient rerelease from the lake bottoms resulting from past nutrient flows from their properties. Further study of the lake quality improvement and nutrient trading option was evaluated in FY 11-12. Unfortunately the prospects of funding through nutrient trading options other than for the future Lake Elsinore aeration system appear to be less likely due to recent State court interpretations.

To cover just the operations shortfall of LESWA, any nutrient offset or credit at the lakes could include the funding necessary to sustain LESJWA for the long term. The primary beneficiaries for the continuance of LESJWA would be the Lake Elsinore/Canyon Lake TMDL Task Force agencies. If all TMDL task force agencies participated in the lake quality improvement program, the annual funding contribution to just sustain LESJWA is estimated to be approximately \$5000 per agency, assuming an equal share among all 20 agencies of \$100,000 to operate LESJWA beyond FY 2014-15. If one were to assume that the existing LESJWA member agencies were to continue funding LESJWA at their current annual funding of \$20,000 per member agencies for the City of LE and EVMWD and \$10,000 for SAWPA, City of Canyon Lake and County of Riverside, the funding contribution from the other TMDL agencies could drop down to approximately \$1875 per agency again assuming an equal share among the remaining 16 task force agencies (SAWPA is not a TMDL funding party) for the balance of the funding needed.

In regard to competition to water quality nutrient trading program implementation, the WRCAC has obtained a 319(h) State planning grant to implement a pollutant trading program among the dairy and agricultural operators. LESJWA understands that the WRCAC pollutant trading program is limited to trades among agricultural and dairy operators and not with other TMDL parties. The program may have an impact on future trading options with other TMDL agencies. Until such time that the LE/CL TMDL water quality improvement and nutrient trading program is developed, the projected competition, viability, and potential revenue for LESJWA operations are unknown.

TMDL Task Force Funding for LESJWA

Another revenue generation option proposed by the LESJWA Chair, Phil Williams, was to request annual funding directly from each of the LE/CL TMDL Task Force entities. As reflected in the 2010 LESJWA Business Plan, the Task Force formerly paid for monitoring, studies, administration, and consultant support to comply with TMDL requirements, but not the LESJWA operations. The challenge with this proposal is that many of the LE/CL TMDL parties already are realizing major financial difficulties with paying their existing allocation for the TMDL. Further, the future of the TMDL Task Force is somewhat jeopardized by an anticipated funding deficit from one of the major funding contributors to the TMDL efforts, the agricultural operators. The agricultural operators have indicated that they will not be seeking to collect funds on an annual basis, but triennially. Without sufficient funding to comply with TMDL requirements, the TMDL compliance work will cease and the collaborative approach under the task force agreement is jeopardized.

Similar to the funding contribution described in the lake quality improvement program, the primary beneficiaries for the continuance of LESJWA would be the Lake Elsinore/Canyon Lake TMDL Task Force agencies. If all TMDL task force agencies agreed to fund LESJWA, the annual funding contribution is estimated to be approximately \$5000 per agency, assuming an equal share among all 20 agencies of \$100,000 to operate LESJWA beyond FY 2014-15. If one were to assume that the existing LESJWA member agencies were to continue funding LESJWA at their current annual funding of \$10,000 per member agencies, the funding contribution from the other TMDL agencies could drop down to approximately \$1875 per agency again assuming an equal share among the 16 remaining task force agencies (SAWPA is not a TMDL funding party) for the balance of the funding needed.

For this 2014 LESJWA Business Plan, the revenue assumptions for LESJWA assumes that approximately half of all LESJWA Board activities relate to the LE/CL TMDL Task Force so these costs will be passed on to the LE/CL TMDL Task Force under the administration fee associated with their task force work. This should provide a revenue stream of approximately \$25,000/year from the Task Force to offset the revenue shortfall to address TMDL activities.

Increase Cost Share Among LESJWA Agencies

The simplest and most direct way to increase revenue long term would be to increase the funding contribution among the five LESJWA member agencies. This approach places an unfair burden upon the agencies surrounding the lakes and particularly on SAWPA since it is supporting the organization without a significant vested interest in the lake quality improvement. Under this scenario, if all five agencies share were increased equally to cover an annual operating cost of \$100,000, the equal share would be \$20,000. If SAWPA's share was maintained at \$10,000 and the other four agencies were to share in the costs equally, then the four LESJWA agencies would have their annual costs increase from \$10,000 per year to \$22,500.

For the 2014 LESJWA Business Plan, this option was exercised and included in the FY 14-15 Budget as applied to two of the five member agencies. Both the City of Lake Elsinore and EVMWD agreed to budget \$20,000 instead of \$10,000/year for LESJWA costs. The County of Riverside also indicated that they would look into increasing their annual share by \$10,000 but preferred not to include it in the LESJWA budget at this time. Further, the Riverside County Flood Control and Water Conservation District expressed interest in providing \$20,000 to supplement the member agencies contributions to support LESJWA. Again this costs was not included in the FY 14-15 budget.

Formation of an Assessment District

Another revenue option of forming an assessment district is also explored as described below but based on past survey work conducted to explore the Drainage Basin Utility Fee and the Regulatory Fee, it does not appear to be a viable option and is not included in the list of recommended actions to the LESJWA Board.

Similar to the Big Bear Municipal Water District, another funding option previously explored to some degree in the early history of LESJWA, is the establishment of an assessment district that could include properties around Lake Elsinore and Canyon Lake, or areas in the contributing watersheds. Special assessment districts are separate units of government that manage specific resources within defined boundaries. Districts vary in size, encompassing single cities or several counties. They can be established by local governments or by voter initiative, depending on State laws and regulations. As self-financing legal entities, they have the ability to raise a predictable stream of money, such as taxes, user fees or bonds, directly from the people who benefit from the services.

Proposition 218 establishes a common formation and ratification procedure for all special assessment districts as defined by Section 4, Article XIII D of the California Constitution. These requirements apply to all special assessments, to the exclusion of any conflicting laws. All assessments must be supported by a detailed engineer's report prepared by a registered professional engineer. The report must contain the total amount of money chargeable to the assessment district, the amount chargeable to each parcel in the district, the duration of the payments, the reason for the assessment, and the basis upon which the proposed assessment was calculated. Although not explicitly mandated by Proposition 218, the report also should include a description of the improvements or services to be financed through the special assessment, the proposed district boundaries, and a description of the special benefit which each parcel receives as a result of the assessment.

Prior to creating an assessment district, the city, county, or special district must hold a public hearing and receive approval from a majority of the affected property owners casting a ballot. All owners of property within the assessment district must be mailed a detailed notice of public hearing and a ballot with which to voice their approval or disapproval of the proposed district at

least 45 days prior to the hearing. The notice must contain the total amount of money chargeable to the assessment district, the amount chargeable to each parcel in the district, the duration of the payments, the reason for the assessment, the basis upon which the proposed assessment was calculated, and a summary of the ballot procedure, as well as the date, time, and location of the public hearing. The notice also must disclose that a majority protest will result in the assessment not being imposed.

At the hearing, the governing body of the agency must consider all protests to the formation of the district. Assessment district proceedings must be abandoned if a majority of the ballots received by the conclusion of the hearing protest creation of the district. Ballots are to be weighted according to the proportional financial obligation of the affected property; the larger the financial obligation, the greater the weight that must be assigned to that property. Unlike previous laws under many of the assessment district acts, the governing body cannot overrule the property owner vote. No other form of election is required. Once an assessment is created, it may be repealed or reduced by popular initiative.

Agencies must clearly identify the special benefit being conferred to the parcels being assessed, excluding any identified general benefit. They must apportion the assessment on an individual basis to parcels within the district. Where an assessment is challenged in court, Proposition 218 specifies that the agency carries the burden of proof to show that the property is receiving a special benefit and that the amount assessed is proportional to, and no greater than, the special benefits conferred. Most important, agencies will have to educate property owners about the advantages of the prospective assessment. The ballot process established by Proposition 218 favors those property owners who oppose the assessment (as they are generally the most motivated to return a ballot).

Based on previous studies, it is unlikely that an assessment district could be established similar to the Big Bear Municipal Water District unless the district was limited to properties adjoining or in the immediate area of the lakes. Seeking an assessment from properties in the upper watershed that contribute to the lakes quality is not likely to obtain the 2/3 majority vote of support necessary for passage. Further, the lack of guarantees to assure good lake quality due to the continued water supply challenges that Lake Elsinore is experiencing, likely would be insufficient to property owners considering an assessment fee. Based on these factors, creating an assessment district does not appear viable for the near future.

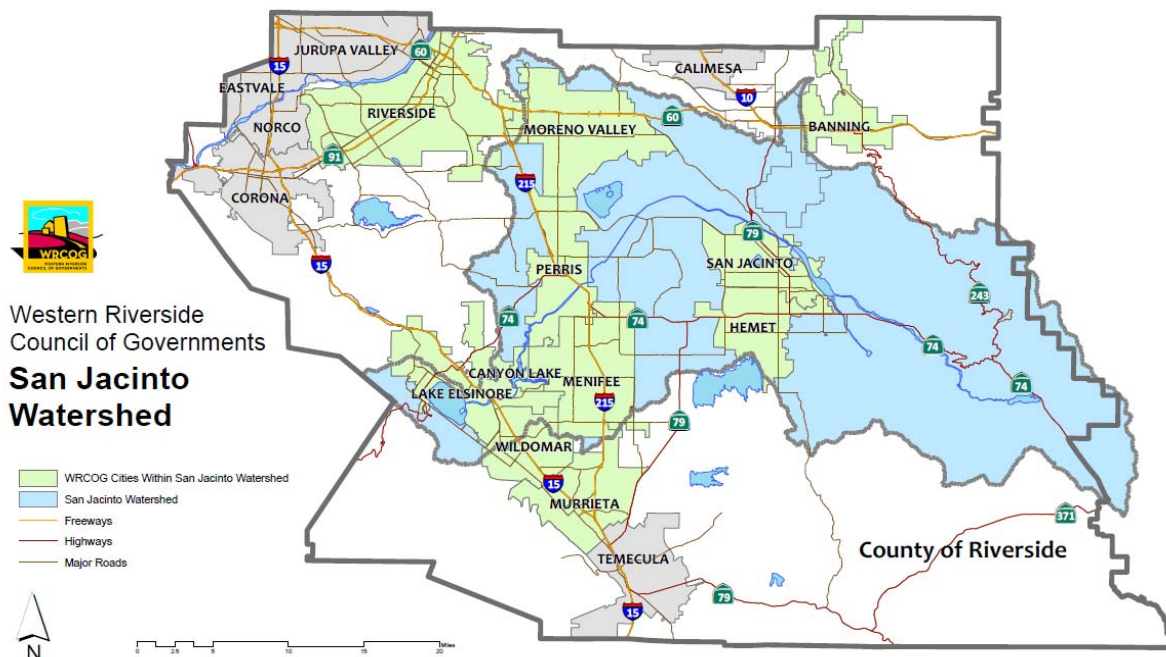
Participation of LE/CL TMDL TF agencies on LESJWA Board

As part of the 2014 LESJWA Business Plan update, another option as proposed by the LESJWA Board would be to increase revenue by adding more paying members to the LESJWA Board. Further since the Western Riverside Council of Governments (WRCOG) has many of the members on the Lake Elsinore/Canyon Lake TMDL Task Force, perhaps there is a role that WRCOG could play in representing the task force agencies in the San Jacinto River Watershed on the LESJWA Board, supporting or reducing administrative costs of LESJWA, or possibly restructuring LESJWA as a committee of WRCOG.

WRCOG's stated purpose is to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 17 cities, the Riverside County Board of Supervisors, and the Eastern and Western Municipal Water Districts have seats on the WRCOG Executive Committee, the group that sets policy for the organization. As a joint powers agency, WRCOG takes up regional matters critical to our future, from air quality to solid waste and from transportation to the environment. One area in which they have a focus is on water supply and water conservation. In this regard, there is somewhat of a nexus to water issues

associated with LESJWA and its role in improving the water quality at the two lakes but not significantly.

In review of the membership of WRCOG, there are 11 cities of its 17 city member agencies involved in the LE/CL TMDL Task Force. Their jurisdiction in relation to the San Jacinto River Watershed is shown in the graphic below. Similar to SAWPA, if WRCOG were to take on any administration or representation support role for LESJWA, it would face the challenge of having some of its members who have no direct overlying involvement or proximity to the two lakes having some say in the affairs of the two lakes.



Under the current LESJWA JPA agreement, Section 3.2, “another entity can become a member of the Authority after its formation upon a 2/3 majority vote of the existing directors”. However, it also clear that the existing directors though wanting to remain inclusive of new members still wish to preserve the veto power that they hold as indicated under Section 4.4 Voting of the JPA Agreement, “Except as otherwise provided herein, all actions of the Board shall be passed upon the affirmative vote of a majority of the Board of Directors; provided, however, that no plan or program shall be implemented within any Member’s jurisdictional boundaries without that Member’s prior approval.”

If WRCOG as an organization were to be added as a new LESJWA JPA member or were to replace SAWPA as a regional entity, concerns could arise from other Task Force members who were not represented on WRCOG such as State and Federal entities, dairy entities and agricultural entities. Even if some of these Task Force members wanted to become new members to the LESJWA Board, they may not be legally eligible under CA State Law to sit on the JPA Board. For example, the Western Riverside County Agricultural Coalition that represents the dairies and agricultural interests, as non-profit 501c3, would be prohibited from serving on a JPA. Further, it is unlikely that

federal entities such as the U.S. March Air Reserve Base or State agencies could become LESJWA JPA Board members either.

In examining the question of representation or merging of LESJWA under WRCOG, the cities and water districts in WRCOG that are also serving in the LE/CL TMDL Task Force may feel that they are already represented in decision making about the lakes through the Task Force and may not see a need to provide additional funding to become a member of the LESJWA JPA. Further, if representation were to come from the cities or water districts in WRCOG, concerns may arise as to what agency or city staff is best suited to serve there. WRCOG currently has several technical advisory committees (TACs) and the Public Works TAC may be best suited to allow communication between City Managers and Public Works Directors who may be more aware of the lake activities. However, early feedback by those who attend WRCOG indicate that the representatives sent by each city to the LE/CL TMDL Task Force are often in water quality compliance departments with little interaction or communication with public works or city upper management and may be far less familiar with lake issues being addressed by LESJWA and the Task Force.

In consideration of whether it would make sense financially to replace LESJWA staff, SAWPA, with WRCOG staff, WRCOG upper management has indicated that they do not have the experience or ability to take on this role and would have to hire outside consultant support to replace SAWPA as the LESJWA administrator. As previously described in considering whether costs could be saved by replacing SAWPA with a consultant to serve as administrator to LESJWA, SAWPA costs remain very competitive and are below comparable consultants costs based on an internal study conducted by the Riverside County Flood Control and Water Conservation District in 2013. Further the institutional memory of SAWPA in lake management as well as the positive relationship it has gained over the years with the Santa Ana Regional Water Quality Control Board remains strong and would be difficult to replace at less cost.

The recommended strategy for this option would be to conduct presentations with WRCOG Public Works TAC as well as key large cities who also participate in the LE/CL TMDL Task Force to determine if there is interest or needs for better representation of their interests on the LESJWA Board. Individual meetings with upper management of the large cities who serve on both WRCOG and the Task Force should continue to determine future interest in serving as a funding member of the LESJWA JPA.

Institutional Stability

In addition to financial considerations, the long-term sustainability of LESJWA must include consideration of institutional factors. Often within for-profit business plans, a section is included discussing competition in the market place. Though as a non-profit, market competition is typically not a direct concern, a non-profit entity should still consider the competitive nature of outside funding and other organizations that often play dual or similar roles to LESJWA. Other institutions may affect how the LESJWA Board may wish to continue in the future under its current JPA organization with current JPA members or consider alternative organization structure.

San Jacinto River Watershed Council (SJRWC)

The SJRWC is a non-profit 501(c) 3 organization formed in 2002. A grant provided by the State of California Dept of Conservation to the Elsinore-Murrieta-Anza Resource Conservation District helped establish the organization with a watershed coordinator and provide a listing of available watershed resources. A nine-member board of directors with representatives from the following categories governs the Council. The current representative and organization affiliation also are as follows:

1. Water/Wastewater
2. County/City
3. Agriculture/Landowner
4. Environmental/Community
5. Federal/State/Regional
6. Indian/Tribal
7. Dairy
8. At Large Board member
9. At Large Board member

The purpose of the organization, as shown in the SJRWC bylaws, is as follows:

- To ensure that the current and potential uses of the San Jacinto River Watershed's resources are sustained, restored, and where possible, enhanced, while promoting the long-term social and economic vitality of the region.

The goals of the organization are to:

- Promote a stewardship approach to collaborative, holistic watershed management.
- Ensure that the interests represented in the development of policies, programs and activities of the San Jacinto River Watershed Program reflect the diversity of interests represented by all stakeholders of the watershed.
- Provide sound information to support decisions and actions of watershed stakeholders, which will promote the long-term social and economic vitality of the region.
- Provide and support an effective process that supports locally led and community-based environmental management that meet State and Federal regulatory requirements in locally appropriate ways.
- Assist in the development, implementation, and monitoring of effective and sustainable processes to improve watershed quality and protect beneficial uses of water to meet the interests of all stakeholders in the San Jacinto Watershed.
- Facilitate the exchange of watershed information to the stakeholders and community through various means.
- Influence water policy.

As evident by the organization goals in comparison to LESJWA goals, there is some duplication of mission and potential areas of conflict. Because the SJRWC functions primarily from minimal annual contributions from its member agencies and by grants, competitive grant applications prepared by LESJWA and SJRWC may be deemed competitive.

Santa Ana Watershed Project Authority (SAWPA)

The Santa Ana Watershed Project Authority is a joint powers authority formed in 1973 to address regional water resource planning and projects in the Santa Ana River Watershed. SAWPA includes five member agencies including Eastern Municipal Water District, Western Municipal Water District, Inland Empire Utilities Agency, San Bernardino Valley Municipal Water District, and Orange County Water District. SAWPA currently has three main areas of focus:

1. **Operation and maintain the Inland Empire Brine Line** delivering non-reclaimable high saline water out of the Santa Ana River Watershed to the ocean.
2. **Administer and support the SAWPA Roundtable or task forces.** These are multi-agency collaborative forums to address water quality regulations and water resource issues wherein multiple agencies sign a task force agreement to hire SAWPA to administer regular meetings, hire consultants, and conduct the contract terms on behalf of the multiple agencies to accomplish their goals. Many of the SAWPA “Roundtable” efforts are addressing TMDLs in the Santa Ana Watershed.
3. **Integrated regional water management planning through SAWPA’s One Water One Watershed “OWOW” Plan.** SAWPA has been designated by the Dept. of Water Resources as the established region for funding of Proposition 84 IRWM funding, and is likely to be the administrator for future IRWM funding.

As a watershed entity, SAWPA, like SJRWC, will be pursuing competitive grants made available from State and Federal sources for watershed planning, watershed coordination staffing and other watershed projects. Because SAWPA is pursuing funding that also potentially could be applied for by LESJWA, this presents areas that some may consider a conflict of interest, considering SAWPA serves as the administrator of LESJWA. Historically, SAWPA has served as a catalyst for getting regional projects implemented and then passing the baton of control over to local entities to continue operations and maintenance activities. Thereafter, SAWPA typically will withdraw from the newly formed JPA or operations organization unless strongly recommended to remain. To date, SAWPA has not withdrawn in its administrative role based on the encouragement of the LESJWA Board to remain as administrator.

Big Bear Municipal Water District (BBMWD)

The Big Bear Municipal Water District is an independent special district of the State of California, responsible for the overall management of Big Bear Lake located in the San Bernardino Mountains. The primary goal of the BBMWD is the stabilization of Big Bear Lake at a water level as constant as possible. Lake stabilization is conducted through the implementation of a comprehensive water management plan, which includes controlled lake releases combined with a water purchase contract to provide water to the water rights holder while minimizing demand on the reservoir. In many ways, the BBMWD could be a potential organizational template for how Lake Elsinore could be managed in the future.

The list of similarities between Big Bear Lake and Lake Elsinore are many as indicated below:

1. Both lakes are listed as impaired water bodies for nutrients.
2. Both lakes are actively seeking to address water level stabilization and water quality.
3. Both lakes are primarily recreational water bodies.

4. Both lakes have experienced challenges with low DO levels and algae.
5. Both lakes have a TMDL Task Force seeking to address their challenges.

Still, major differences exist between the lakes that affect lake management as follows:

1. BBMWD owns Big Bear Lake while the City of Lake Elsinore owns Lake Elsinore with agreements with EVMWD to fill and operate the lake.
2. BBMWD uses an assessment district and boating/docking fees to fund lake stabilization and water quality improvements at Big Bear Lake, and to operate the agency. The City of Lake Elsinore and EVMWD provide funding for Lake Elsinore lake level stabilization. LESJWA obtained grant funding for the majority of past improvements at Lake Elsinore and Canyon Lake, but no ongoing capital funding mechanism currently exists. LESJWA member agencies provide minimal funding for operations of LESJWA.
3. Big Bear Lake has much higher recreational use than Lake Elsinore and has a higher per capita income level surrounding the lake to pay assessment district fees.

In addition to SJRWC and SAWPA, BBMWD also may be applying for lake improvement funding from State and Federal sources that may be in competition to grant applications to support Lake Elsinore and Canyon Lake improvements.

Western Riverside Council of Governments (WRCOG)

As previously described, the Western Riverside Council of Governments (WRCOG) is a joint powers authority whose responsibilities are wide-ranging, but in all cases are determined by its member jurisdictions and agencies. Activities common to many COGs include regional review of environmentally significant projects per CEQA; air quality planning; area wide clearinghouse for review of Federal financial assistance; regional housing needs assessment; hazardous and solid waste management; demographic projections; growth management analysis and development of subregional strategies; review of local general plan amendments; area wide water quality planning; transportation planning, modeling and programming; and general planning support and technical assistance. For WRCOG, its focus is unifying the Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 17 cities, the Riverside County Board of Supervisors, and the Eastern and Western Municipal Water Districts have seats on the WRCOG Executive Committee, the group that sets policy for the organization. As a joint powers agency, WRCOG takes up regional matters critical to our future, from air quality to solid waste and from transportation to the environment. One area in which they have a focus is on water supply and water conservation. In this regard, there is somewhat of a nexus to water issues associated with LESJWA and its role in improving the water quality at the two lakes but not significantly.

The potential for future merging of roles was discussed previously in the evaluation of generating new revenue.

Future Trends and Forecasts

One of the primary drivers for continued support for lake quality improvement is the EPA-mandated TMDLs that specify certain water quality targets by certain dates. For Lake Elsinore and Canyon Lake, the TMDL water quality targets have been defined for 2015 (interim), and 2020 (final). Failure to achieve the water quality targets may result in regulatory fines to entities that

contribute nutrient that exceed maximum daily loads. Most of the LESJWA member agencies are among the entities listed as responsible for TMDL compliance. With the improvements conducted to date at Lake Elsinore and Canyon Lake, significant progress has occurred to help meet the TMDL targets. Whether or not the improvements made thus far are adequate to assure future lake quality still is under investigation. Based on water quality monitoring data collected to date, further lake capital improvements to improve lake quality at both Lake Elsinore and Canyon Lake appear likely.

With each capital improvement, operation and maintenance commitments to operate the lake improvements also are necessary. Over time, an adaptive management approach must be practiced in which monitoring confirms whether water quality targets are being met. If not, then changes to lake operations or further capital improvements with associated O & M commitments become necessary.

For the future of Lake Elsinore and Canyon Lake, an implementation agency to assist with project implementation is still necessary because more water quality improvements at both lakes and the watershed likely are in order to achieve the water quality targets necessary to comply with the Nutrient TMDL for Lake Elsinore and Canyon Lake. If funding from State or Federal grants becomes available for implementation of further lake improvements, LESJWA, as an established JPA, can apply for these implementation funds. The role of building projects to improve water quality at the lakes cannot be performed as well by other JPAs or nonprofit organizations like SJRWC as presently constituted. According to the SJRWC bylaws, it was not formed to be a project implementation agency, but rather a coordinating, planning body. LESJWA also has a successful record in receiving State implementation grant funds, and anticipates such for the future. Similarly, SAWPA is not designed as an operation entity for lake improvements and likely will steer clear of taking on an expanded role in this area.

Future funding also is somewhat dependent on the institutional support of outside regulatory agencies. LESJWA, SAWPA, BBMWd and SJRWC all have a good relationship with the Regional Board, key to obtaining State grant funding support. As part of the TMDL process for Lake Elsinore and Canyon Lake, LESJWA is in a good position to apply for and obtain future State grants for further lake improvements. Further, it has been the common mode of operation for LESJWA to contract with local agencies, often times with its member agencies, to serve as the lead project manager and implementer of large-scale implementation projects, as these entities usually are the same entities responsible for the continued operation and maintenance of the facilities. This contractual model is similar to the approach taken effectively by SAWPA in the administration of implementing Proposition 13 Water Bond projects. Overall, this arrangement has worked well in reducing the operation and maintenance obligations and costs of improvement projects to local agencies more directly interested in the project's success.

Another activity that will need to continue in the subwatershed is integrated water resource planning. The primary integrated water resources management plan (IRWM) for the Santa Ana region covering the San Jacinto subwatershed and the two lakes is the Santa Ana Watershed is the One Water One Watershed (OWOW) Santa Ana IWRP administered by SAWPA. The OWOW plan was recently updated and adopted by the SAWPA Commission in February 2014. A more focused subwatershed integrated watershed plan for the Santa Ana River Watershed was completed in Dec. 2007. SAWPA is supportive of the more focused and detailed planning conducted at the local level. This planning is important to the region and is valued under the OWOW collaborative planning process. It is envisioned that LESJWA will continue to support more focused subwatershed integrated watershed planning for the San Jacinto subwatershed as the need arises.

Projected Capital Improvements

Lake Elsinore

Based on studies conducted by LESJWA and the LE/CL TMDL Task Force for Lake Elsinore, the existing improvements of biomanipulation that includes in-lake aeration and destratification, carp removal and carnivorous fish stocking, are expected to achieve compliance with the chemical and biological targets specified in the Lake Elsinore TMDL. However, in the event that the proposed program proves inadequate, there may be additional options to further reduce nutrient loads released from in-lake sediments. These include the following capital improvements:

Enhanced Aeration System

The software code used to control the existing aeration system could be revised to operate the aerators more frequently (more months of the year, more days of the month, or more hours in a day). Also, additional pipelines and/or aerators may be installed to provide better coverage. The utility of this option depends on the demonstrated effectiveness of the current aeration system and the related oxygenation efficiency curve of additional aeration. Capital Cost Estimate: \$800,000
Operation & Maintenance Cost Estimate: \$100,000/yr.

Enhanced Treatment of Reclaimed Water

EVMWD's NPDES permit limits phosphorus concentrations in reclaimed water discharged to Lake Elsinore to less than 0.5 mg/L. Additional alum application at the wastewater treatment plant may plant may reduce nutrient concentrations even further. This may provide any opportunity to offset non-point source loads by engaging in nutrient trading with point sources. Capital Cost Estimate: \$5,000,000. Operation & Maintenance Cost Estimate: \$500,000/yr.

Direct Application of Metal Salts

Alum and other metal salts are frequently used to reduce phosphorus concentrations in small lakes. In general, Lake Elsinore is poorly suited for the use of alum because the relatively high pH levels inhibit the intended formation of aluminum phosphate. However, under certain conditions, pH levels may be low enough to support the application of metal salts, such as alum, to Lake Elsinore. In very wet years, when the inflows to Lake Elsinore are greatest, pH levels tend to decrease. This is not surprising because the pH of rainwater is naturally low. If large-scale alum applications were timed to coincide with wet winters, much of the new dissolved phosphorus flowing into the lake might be neutralized. The application of alum to Canyon Lake during the 2013-2015 is underway and is anticipated to reduce the phosphorus concentrations before the water overflows into Lake Elsinore. Further, new clay-based alum products such as Phoslock are showing promise that could be used and may warrant further investigation for direct application to Lake Elsinore. Capital Cost Estimate: \$1.5 million per application.

Targeted Suction Dredging

Previous studies indicate a disproportionate amount of phosphorus released from in-lake sediments is coming from the organic silt layer in the middle of the lake. Furthermore, preliminary reports suggest that most of the phosphorus is coming from the top 15 cm of sediment. Therefore, limited suction dredging, targeting the top six inches of sediment in the middle of the lake may prove to be an effective mitigation strategy. Cost Estimate: \$20 million.

Constructed Wetlands

LESJWA has considered a pilot project to demonstrate the effectiveness of constructed wetlands for reducing nutrient concentrations in Lake Elsinore. Theoretically, stormwater runoff could be diverted through such wetlands for treatment prior to entering the lake. Alternatively, lake water could be pumped up and flow through the wetlands during drier years. When the levee was constructed, and the surface area of Lake Elsinore was cut in half, a large back-basin area was created that may serve as an ideal location to build treatment wetlands. Data from the pilot project will help determine whether such an approach would be practical on a larger scale. Capital Cost Estimate: \$600,000. Operation and Maintenance Cost Estimate: \$20,000/yr.

Active Aquatic Plant Management

Over time, stabilizing the lake level and reducing the algae infestation will provide an opportunity for native aquatic plants to recolonize the lake. It also may be possible to accelerate the process by initiating a program to actively revegetate the shoreline and the lake bottom. Aquatic plants will serve as a natural sink for nutrients, will provide better habitat for beneficial freshwater species, and reduce the level of sediment resuspension caused by wind and wave action. Capital Cost Estimate: \$200,000. Operation and Maintenance Cost Estimate: \$10,000/yr.

Enhanced Fishery Management Program

The City of Lake Elsinore has demonstrated the general effectiveness of actively managing the fish populations through netting and stocking programs. Such programs, particularly stocking efforts, could be expanded significantly if there were a way to calculate and credit the nutrient removal credit associated with such an effort. Data collected from the water quality monitoring program may provide the information needed to validate the beneficial use protection value, and thereby create an incentive to augment the City's fishery management program. Estimated Capital Cost: \$2,400,000. Operation and Maintenance Cost Estimate: \$45,000/yr.

Enhanced Lake Stabilization

Previous studies revealed that 13-15,000 acre-feet of water evaporates each year from Lake Elsinore. On average, only about 1,400 acre-feet flows into Lake Elsinore annually. The island wells provide an additional 3,000 acre-feet of groundwater and reclaimed water adds 5,000 acre-feet of supplemental flow each year. Therefore, more water (up to 5,000 acre feet/year) is needed to fully offset evaporative losses and stabilize the lake level in the ideal range. The most cost-effective and reliable source is high quality reclaimed water from local wastewater plants. However, additional treatment would be necessary to reduce nutrient concentrations to acceptable levels before more reclaimed water could be added to Lake Elsinore. The cost of such treatment also would have to be heavily subsidized by the responsible parties named in the TMDL. Further, the existing recycled water flow of 5000 AFY is subject to a joint agreement and funding by the City of Lake Elsinore and EVMWD. If this funding were to discontinue and recycled flows cease, this annual cost increase and become more urgent. Annual Cost for Supplemental Water: \$1,830,000/yr.

Lake Elsinore Improvements	Capital Costs	Annual O & M Costs
1) Enhanced Aeration System	\$800,000	\$100,000

2) Enhanced Treatment of Reclaimed Water	\$5,000,000	
3) Direct Application of Metal Salts	\$1,500,000	
4) Targeted Suction Dredging	\$20,000,000	
5) Constructed Wetlands	\$600,000	\$20,000
6) Active Aquatic Plant Management	\$200,000	\$10,000
7) Enhanced Fishery Management Program	\$2,400,000	\$45,000
8) Enhanced Lake Stabilization	\$1,830,000	
Total	\$32,730,000	\$175,000

Canyon Lake

For the short term capital improvements of LESJWA, the focus will be primarily on improvements at Canyon Lake.

Aeration/Oxygenation System

In August 2010, LESJWA initiated a preliminary engineering investigation for an aeration/oxygenation system for Canyon Lake to assist with compliance with many of the Canyon Lake TMDL targets. The report was completed in December 2010 and provides refined estimates for capital improvements, as well as operation and maintenance. Capital improvements cost estimate: \$1.5 million. Operation and Maintenance Costs Estimate: \$500,000/year.

Alum Application

As described under the Lake Elsinore improvement, alum application of Canyon Lake is underway and is hoped to be an effective strategy to control nutrient release from the bottom, particularly the legacy phosphorus on the lake bottom, but also help to collect nutrients in the water column under a storm event and seal them in the bottom sediment to benefit not just to Canyon Lake, but also to downstream Lake Elsinore. Capital Improvement cost estimate: \$120,000 per application.

Upstream Constructed Wetlands Treatment

Again similar to the previously described Lake Elsinore improvement, wetlands are an effective means of filtering nutrients before reaching major water bodies like Canyon Lake and Lake Elsinore. If a location could be found upstream of Canyon Lake, either where the San Jacinto River or the Salt Creek enter Canyon Lake, a wetlands could be established to assist. The challenges with this project is assuring adequate water supply, land purchase, and effectiveness in nitrogen removal, but less so with phosphorus. Consequently, similar to the Lake Elsinore project, a pilot project scale wetlands is envisioned before proceeding with major construction. As the land has not been acquired, the pilot project costs will be higher than for Lake Elsinore. Capital Improvement cost estimate: \$800,000. Operation and Maintenance Cost Estimate: \$20,000/yr.

East Bay Lake Dredging

In 2006, LESJWA supported the City of Canyon Lake and the Canyon Lake Property Owners Association (POA) in a dredging operation in the East Bay of Canyon Lake and removed 20,000 CY

of silt. However, at the request of the Canyon Lake POA the project was prematurely terminated due to increasing operation costs and legal concerns arising from third party lawsuits. The need for additional dredging in the East Bay still exists with an estimated 200,000 CY of silt to be removed in the East Bay of Canyon Lake. Though the water quality benefit of dredging has been deemed to be limited at Canyon Lake main body and the downstream lake, Lake Elsinore, the functionality of the lake and impairment of the recreational beneficial use will continue to occur if dredging is not reinitiated. Capital improvement estimate \$3 million. Operation and Maintenance Cost Estimate: \$50,000/year.

Canyon Lake Improvements	Capital Costs	Annual O & M Costs
1) Aeration/Oxygenation System	\$1,500,000	\$500,000
2) Alum Application	\$1,500,000	
3) Upstream Constructed Wetlands Treatment	\$800,000	\$20,000
4) East Bay Lake Dredging	\$3,000,000	\$50,000
Total	\$6,800,000	\$570,000

Clients and Needs

The need for a business plan for LESJWA is readily apparent as evidenced by the projections of funding shortfall to operate LESJWA within three years. For its member agencies, an increase in member agencies dues will be challenging in light of foreseeable economic conditions. In review of any financial plan, the needs of the member agencies of LESJWA and the other clients that LESJWA supports, such as the LE/CL TMDL Task Force agencies in support of the LESJWA mission, must be considered.

- **Santa Ana Watershed Project Authority**

Of the LESJWA member agencies, the one agency with the least need to be a party of LESJWA is SAWPA. As a watershed management agency, it is not dependent on an individual lake's quality, but plays a supportive role as a watershed coordinator and in its administrative role. Transfer of the administrative support function to another party such as a local agency or other LESJWA member agency may be encouraged to avoid conflict of interest issue in competitive grant seeking, and encouraging more autonomy by the organization. A representative from the Western Riverside Council of Governments, which includes two of the SAWPA member agencies (WMWD and EMWD) as well as many of the LE/CL TMDL parties, may be a good option.

- **County of Riverside**

Because half of Lake Elsinore adjoins County property and is used by many County residents, the County of Riverside can and does play a significant role in assuring a stabilized lake level, and funding lake aeration operations and maintenance for Lake Elsinore. The Riverside County Flood Control District, a district governed by the Riverside County Supervisors, plays a major role on the LE/CL TMDL Task Force as one of the primary funding parties due to the

apportionment of TMDLs to Canyon Lake and Lake Elsinore. Continued participation in LESJWA will provide benefits in assuring County resident interests are addressed and that as a responsible TMDL party, its policy guidance to mutually beneficial projects for both lakes will help meet their regulatory obligations.

- **City of Canyon Lake**

The City of Canyon Lake remains an important part of LESJWA particularly since the goals of the organization were developed to assist not just Lake Elsinore, but also Canyon Lake and the San Jacinto watershed. As a named responsible party under the Canyon Lake TMDLs, the City of Canyon Lake stands to benefit from continued involvement, participation, and support of LESJWA. As an upstream entity to Lake Elsinore on the Board, their involvement assures that any future funding is balanced between Lake Elsinore and Canyon Lake water quality improvement needs.

- **Elsinore Valley Municipal Water District**

EVMWD, as a water service agency, plays an important role on the LESJWA Board based on a series of legal agreements it has with the City of Lake Elsinore to maintain lake levels, operate lake aeration systems, and maintain a water supply for the back basin wetlands resulting from the Lake Stabilization Levee project. If these agreements were not in place, the incentive for EVMWD to continue to be involved in LESJWA would be somewhat less. Historically, LESJWA has served as an effective funnel for State grant funding to support compliance with water quality regulations and capital improvements. Similar to the County, EVMWD is a listed responsible TMDL party due to their recycled water additions to Lake Elsinore, and pays a significant portion of the TMDL compliance costs. The value of LESJWA for the future is the possible future grant funding for further lake improvements, avenues of funding operation and maintenance costs for the lake aeration systems, and assistance with TMDL compliance.

- **City of Lake Elsinore**

The City has the most to gain by the continuance of LESJWA. As the City's economy and status is tied to the lake, its name sake, anything that LESJWA has done and can continue to do to support, maintain, and improve water quality and stabilize lake levels is beneficial both financially and organizationally to them. The City serves as a tremendous resource to LESJWA with well-trained staff that is knowledgeable about the lake conditions and assists with funding and operations needs of the lake's aeration system. The City is listed as a responsible party to the Lake Elsinore TMDL and is a party to the LE/CL TMDL Task Force.

- **LE/CL TMDL Task Force**

The task force is composed of 20 agencies that were identified by the Regional Board as responsible for compliance with nutrient TMDLs to achieve water quality targets for both Lake Elsinore and Canyon Lake. SAWPA administers the task force through LESJWA. If LESJWA were to withdraw as administrator for the task force or change its role, other agencies could take on the administrative role such as SAWPA but an implementation agency like LESJWA will still be needed to continue lake capital improvements necessary to achieve TMDL targets.

Recommended Action Plan

Based on the available revenue and the options for funding, the viability of LESJWA as an effective and operating JPA that fulfills its mission is intact through FY 2013-14. Based on the 2010 LESJWA Business Plan, a shortfall in revenue of \$38,000 for FY 13-14 was projected. However, due to cost

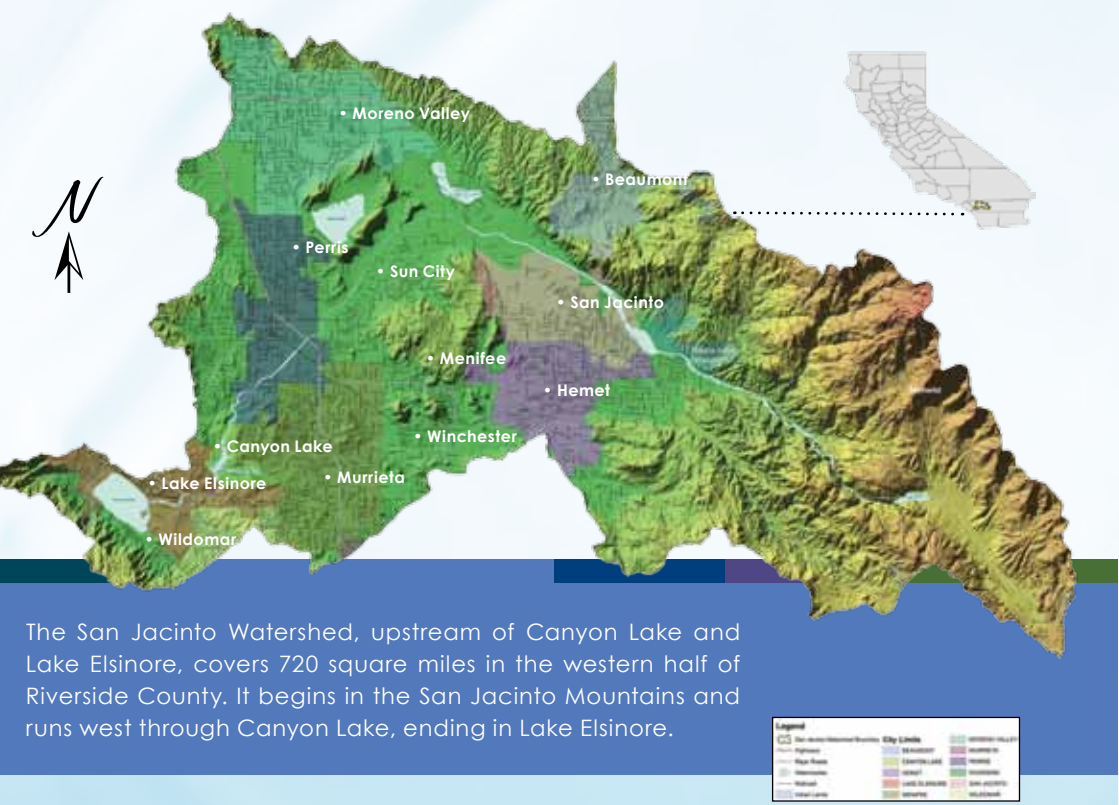
cutting efforts, a shortfall did not occur. FY 2015-16, serves as a milestone year in several ways. The TMDL Task Force must meet the interim Lake Elsinore and Canyon Lake TMDL targets. If they are not met, additional capital improvement projects then may be required and funded by the LE/CL TMDL Task Force parties. LESJWA likely would administer the design and construction of new additional projects necessary to assure compliance. To help fund these projects, outside grant funding such as Proposition 84 IRWM funding may become available and remain a strong opportunity as new rounds of funding are anticipated. Since the time of the 2010 LESJWA Business Plan preparation, LESJWA was successful in securing \$500,000 in grant funding from Prop 84 IRWM Round 2.

LESJWA will remain a key organization to apply for the grant funding on behalf of the LE/CL TMDL Task Force. However, with insufficient funds to accomplish normal operations, revenue to operate the agency is required. Because the primary benefactors would be the Lake Elsinore/Canyon Lake TMDL Task Force agencies, staff requested additional funding from all TMDL parties to operate LESJWA in FY 2014-15. Based on the 2014 LESJWA Business Plan update, the LE/CL TMDL Task Force will be charged for the portion of the LESJWA administrative costs that directly relate to the LE/CL TMDL Task Force activities. This is anticipated to be approximately \$25,000 per year.

If the lake quality improvement program can be set up effectively, the funding from the Task Force needed for LESJWA JPA operations could be lumped into any purchases of nutrient mitigation credits at the lakes. Although the amount of funding and number of TMDL parties willing to participate in the lake quality improvement program is uncertain, it likely will be highest for the most significant nutrient contributors to the lake. A sense of which TMDL parties may benefit the most from the lake quality improvement program and LESJWA JPA operation will be determined as part of future nutrient contribution allocation updates, and the lake quality improvement and nutrient offset trading plan program preparation. Based on recent years activities as part of the 2014 LESJWA Business Plan update, the nutrient offset trading plan will probably only apply to legacy loads of nutrients at Lake Elsinore and will help offset the operation and maintenance costs borne by the three Lake Elsinore aeration operation and maintenance agencies, namely, the City of Lake Elsinore, EVMWD and County Riverside.

Since the completion of the 2010 LESJWA Business Plan, another option to generate revenue for the LESJWA JPA would be to evaluate whether members of the LE/CL TMDL Task Force may have an interest in serving as a funding member of LESJWA in order to have more voice and decision making authority in the affairs of the lakes. Further since many of the LE/CL TMDL Task Force are also WRCOG members, 11 cities and 1 water agency, these investigations may also involve WRCOG in some administrative or interaction role to save costs. LESJWA staff will conduct meetings with WRCOG technical advisory committees and individually with large cities who are members of both WRCOG and the LE/CL TMDL Task Force to evaluate the level of interest.

THE SAN JACINTO WATERSHED



The San Jacinto Watershed, upstream of Canyon Lake and Lake Elsinore, covers 720 square miles in the western half of Riverside County. It begins in the San Jacinto Mountains and runs west through Canyon Lake, ending in Lake Elsinore.

Threats to the Watershed

The natural flow of water through the San Jacinto Watershed carries nutrient-rich sediment into our lakes each year. The sediment carries with it high levels of nitrogen and phosphorus that hurt water quality and threaten marine life in Canyon Lake and Lake Elsinore.

Enclosed you will find a brief history of the steps we have taken in the last decade to restore our water ways, and an update on what still needs to be done. Keeping our watershed clean and healthy will require the cooperation of stakeholders throughout our region, ultimately improving the quality of life for local residents.

YOUR ROLE & RESPONSIBILITY

You Can Help Protect Our Waterways!

- **Avoid the use of salt-based water softening systems.**
The average water softener discharges an additional 360 lbs of salt into the wastewater system every year.
- **Convert from septic to sewer service, where available.**

While stormwater systems route rainwater quickly off the streets, this water usually carries pollutants, sediment and harmful nutrients directly to our lakes.

Here are some tips to avoid sending pollutants into the stormwater system:

- **Don't dump waste on the ground or in the street.**
Automobile fluids, pet waste or other materials left on the ground are washed into storm sewers, and could end up in our streams and lakes.
- **Don't use excess pesticides and fertilizer or over-water landscaping.**
In addition to wasting scarce water supplies, runoff carries contaminants and washes waste into storm sewers.
- **Don't wash cars in driveways or in the street.**
Commercial car washes are required to remove the detergents, oils and grease that would otherwise flow into storm sewers.

Get More Information!

For more information about our local water resources, and to view a short video about LESJWA's efforts to-date visit www.MyWatersheds.com.

To schedule a presentation to your city council, board of directors or community organization, visit www.MyWatersheds.com or call **951-354-4221**.

Lake Elsinore & San Jacinto Watersheds Authority



LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

A Decade of Achievement, A Future of Action



ABOUT LESJWA

Formed in 2000, the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) was entrusted with \$15 million in state and local funding to improve water quality and wildlife habitats in Lake Elsinore, Canyon Lake and the surrounding San Jacinto watershed.

Thanks to this critical funding, a successful clean-up plan has been enacted over the last decade to improve the water quality in the over 720-square mile San Jacinto watershed with an emphasis on Canyon Lake and Lake Elsinore, two of the region's major recreational destinations.



What Is A Watershed?

A watershed is an area of land that drains into a lake or river. All land is part of a watershed. As rainwater and melting snow run downhill they carry sediment and other materials into local streams, lakes and groundwater.

Lake Elsinore & San Jacinto Watersheds Authority



LAKE ELSINORE & CANYON LAKE,

A History...

1920s-1990s: Fluctuating lake levels, including both dry and flood periods, and periodic fish kills in Lake Elsinore.



1927: Canyon Lake is formed after the Railroad Canyon dam is built.



1953: EVMWD and Temescal Water Company agree to store 3,000 acre-feet of water in Canyon Lake for domestic use. Today, Canyon Lake still serves as a drinking water reservoir.

2000: LESJWA is formed to improve water quality and wildlife habitats in Lake Elsinore, Canyon Lake and the surrounding San Jacinto watershed.



Clean Up Solutions

Scientific research identified the best methods for improving the water quality in Lake Elsinore and Canyon Lake, all of which are the basis for LESJWA's projects:

- Aeration
- In-lake Treatments
- Oxygenation
- Increased Lake Levels
- Fish Harvesting
- Silt/Sediment Removal

LESJWA IMPROVEMENTS TO-DATE

2000 – 2011: Improvement Projects Take Place

Lake Elsinore Carp Removal

Removed more than 1 million pounds of carp from Lake Elsinore. Carp stir up nutrients on the lake bottom, which can cause harmful algae blooms.



Island Well Pump Station Improvements

Island wells produce one million gallons of water a day to help stabilize Lake Elsinore's water level.



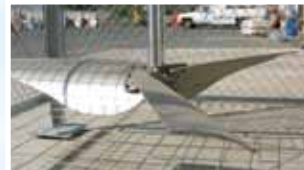
Striped Bass Stocking

Added hybrid striped bass in Lake Elsinore to help control overpopulation of fish that disrupt lake water quality.



Lake Elsinore Destratification & Mixing System

Mixes lake water to increase oxygen levels, improve water quality and reduce harmful algae growth.



Canyon Lake Dredging Project

Removed 20,000 cubic yards of excess sediment from Canyon Lake and improved water quality for recreational use.



Recycled Water Nutrient Removal & Conveyance Pipeline

Removes excess nutrients from recycled water and brings the water to Lake Elsinore, improving water quality and helping to stabilize the lake level.



Lake Habitat Improvements

In addition to new shallow water habitat in the Lake Elsinore Back Basin wetlands area, future efforts will help establish diverse aquatic plant communities at both lakes to increase biodiversity and improve water quality.

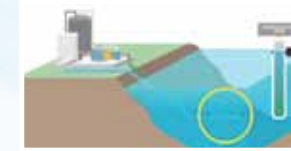


PLANNED FUTURE EFFORTS

Moving Forward: Local Projects & Regional Partnerships

Canyon Lake Treatment Processes

In order to reduce excessive nutrients that have plagued Canyon Lake for decades, a variety of approaches are being considered for in-lake treatment including a system that would pump additional oxygen into the lake along with the application of chemical algae-control treatments.



These efforts would improve water quality in Canyon Lake while also limiting nutrients that would otherwise flow from Canyon Lake into Lake Elsinore.

Regional Collaboration

Reducing harmful nutrients in Lake Elsinore and Canyon Lake is the responsibility of every citizen of the San Jacinto Watershed, which stretches from Lake Elsinore north all the way to the San Jacinto Mountains. By working together, our region has the opportunity to improve water quality in the San Jacinto Watershed more than ever before.

What's Next...

Excessive nutrients entering Canyon Lake and Lake Elsinore hurt water quality and threaten marine life in Lake Elsinore and Canyon Lake. These nutrients are naturally occurring and therefore, not easily controlled. Currently, LESJWA's main priority is working with local stakeholders to reduce excessive nutrients in the lakes and ensure compliance with local and federal guidelines.

In order to protect water quality, the Environmental Protection Agency (EPA) and the Santa Ana Regional Water Quality Control Board have established limits on nutrient levels called Total Maximum Daily Loads (TMDLs). These limits are established through extensive monitoring, modeling and studies with local stakeholders and are intended to help achieve lake water quality targets by future deadlines.



TAKING RESPONSIBILITY for LOCAL WATER QUALITY

The Lake Elsinore & Canyon Lake TMDL Task Force

LESJWA now serves as the administrator of a task force of more than 20 agencies and organizations who have been identified by the Regional Water Quality Control Board as watershed nutrient contributors to both lakes.



A Promising Future

As indicated by the TMDLs and other stormwater control requirements issued by the Regional Water Quality Control Board, agencies and organizations in the TMDL task force are responsible for contributing to regional efforts that protect water quality in Lake Elsinore and Canyon Lake.

These efforts will include both regional compliance strategies as well as the construction and operation of new in-lake projects. By working together to fund and implement these projects, the TMDL Task Force can help assure that the region's water quality targets are met by 2015 (interim) and 2020 (final).



My Watershed LESJWA Fast Facts

Lake Elsinore & San Jacinto Watersheds Authority



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

Watershed: (def.) noun Area of land that drains into a lake or river.



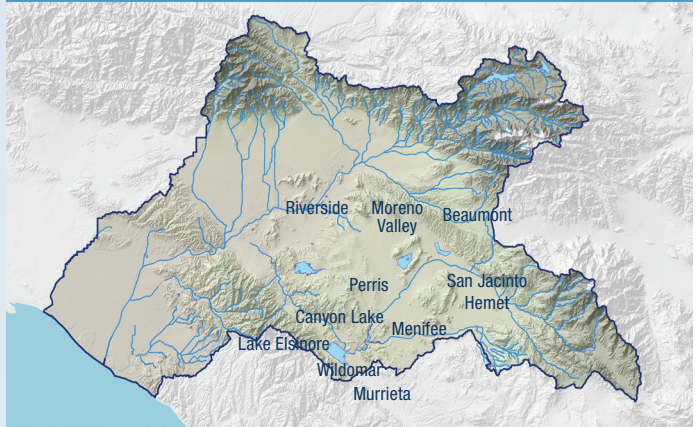
Lake Elsinore & San Jacinto Watersheds Authority

Joint powers authority, formed in year 2000 to improve water quality and wildlife habitats in Canyon Lake, Lake Elsinore and surrounding San Jacinto Watersheds.



\$ 5 improvement projects -
\$10.5 million spent

San Jacinto Watershed



People impacted -

647,000

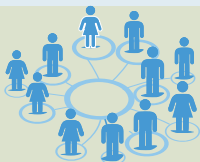


Cities involved in lake cleanup efforts -

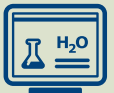


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**Total Maximum
Daily Load (TMDL)
Task Force**



Conducts stormwater and lake water quality monitoring, modeling, studies and projects to help meet water quality targets and improvements.



Involved task force agencies: **11** cities, **1** county, **2** water agencies, **1** flood control district, **1** transportation agency, **1** air force reserve base, **1** redevelopment agency, **1** state fish and wildlife agency and **1** agricultural and dairy coalition

Major lake and watershed projects completed

10

2 recreational lakes -
Lake Elsinore & Canyon Lake



Average San Jacinto River Watershed to Lake Elsinore flow rate is **800** acre-feet/yr. and **1,400** acre-feet/yr. from local watersheds

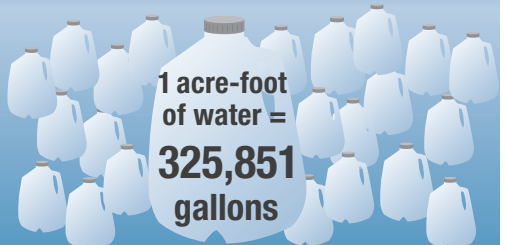
Internationally recognized lake experts involved =

10



Number of lake studies conducted on Lake Elsinore and Canyon Lake since year 2000 =

120



1 acre-foot of water =
325,851 gallons

Years of collaboration to implement projects =

16



Carp removed from Lake Elsinore =

1 million lbs

Amount of sediment removed from Canyon Lake =

20,000 CY

Recycled water delivered to Lake Elsinore to offset evaporation since 2002 = **58,500 AF** or
19 billion gal



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Clean up solutions



Aeration
In-lake treatments
Oxygenation



Alum treatments
Increased lake levels
Fish harvesting
Silt/sediment removal

