



BOARD OF DIRECTORS MEETING | Agenda

October 22, 2020

Visalia Convention Center – Charter Oak Ball Room, first floor
303 E Acequia Ave, Visalia, CA 93291

8:30 AM (CLOSED SESSION)

The public may call-1-866-893-0375 Pin 5595626900# at 8:30 A.M. with any comments prior to Closed Session

10:00 (OPEN SESSION)

VIA WEBEX AT: Video system or application Dial: [Webex.com](https://www.webex.com), join, 1336187735@friantwater.webex.com and Phone access dial 1-415-655-0001

MEETING ACCESS CODE: 133 618 7735/MEETING PASSWORD: ApA3xBHB62K (27239242 from phones).

In accordance with the Governor's Executive Order (N-29-20) and the declared State of Emergency, including social distancing directives as a result of the threat of the COVID-19 virus, physical attendance at the meeting will be limited to directors and staff due to space limitations. Members of the public may participate remotely as noted above.

Email: You may submit comments on a specific agenda item via email to tmarie@friantwater.org. Please send your email at least one hour prior to the start of the meeting.

If members of the public have any problems using the WebEx number during the meeting, please contact the FWA office at 559-562-6305. The Friant Water Authority thanks you for your understanding and for doing your part to prevent the spread of COVID-19.

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

1. **CALL TO ORDER/ROLL CALL – (TANTAU)**
2. **APPROVAL OF THE AGENDA – (TANTAU)**
3. **PUBLIC COMMENT ON CLOSED SESSION ITEMS – (DAVIS)**
4. **ADJOURN TO CLOSED SESSION**

CLOSED SESSION ITEMS (90 MIN)

5. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

A. NRDC v. Murillo, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-cv- 01658-JAM-GGH

B. California Natural Resources Agency v. Ross, U.S. District Court, Eastern District of California (Fresno Division), Case No. 1:20-cv-00426-DAD-SKO

C. Tehama-Colusa Canal Authority, et al., v. California Department of Water Resources, et al., Sacramento County Superior Court

6. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED OF LITIGATION

(Government Code section 54956.9(d)(2))

Significant Exposure to Litigation: Two potential matters.

7. CONFERENCE WITH LEGAL COUNSEL-INITIATION OF LITIGATION

(Government Code section 54956.9(d)(4))

Initiation of Litigation: Three potential cases.

8. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Government Code section 54956.8)

Property: Friant-Kern Canal (Middle Reach Capacity Correction Project - MP 88 (Fifth Avenue Check) to MP 121.5 (Lake Woollomes Check))

Agency negotiators: CEO, COO, General Counsel

Negotiating parties: United States (Bureau of Reclamation)

Under negotiation: Cost Share Agreement (price and terms of payment)

9. PUBLIC EMPLOYMENT

(Government Code section 54957)

Title: Chief Financial Officer

10. RECONVENE INTO OPEN SESSION (START AT 10:00 AM)

Announce reportable action taken during closed session.

11. PUBLIC COMMENT / PUBLIC PRESENTATIONS – (TANTAU)

Public comment is welcome at this time on any matter within the jurisdiction of the Board that is not on the agenda. Under the State's open meeting law - the Brown Act - no action may be taken on any item not on the agenda. Public comment on items on the agenda will be allowed at the time the Board considers the item.

12. CONSENT CALENDAR – (TANTAU)

The following routine matters will be acted upon by one vote, unless a Board Member requests separate consideration of the item.

A. Approval of the Minutes – Board of Directors meeting of September 24, 2020. (Tantau)

B. Approve October 2020 bills and accept the Cash Activity Reports September 2020. (Willard)

13. PUBLIC HEARING (45 MINUTES)

- A. Approval of Resolution 2020-03 Certifying the Final Environmental Impact Statement/Report, Adopting CEQA Findings of Fact and a Statement of Overriding Considerations, Adopting a Mitigation Monitoring and Reporting Program, Approving the Canal Enlargement and Realignment Project Alternative, and Approving the Implementation of the Friant-Kern Canal Middle Reach Capacity Correction Project. (Davis/Waldrop)

14. ACTION ITEMS (1 HOUR)

- A. Authorization to Enter into a Funding Agreement with the San Luis & Delta-Mendota Water Authority for Jones Pumping Plant Unit Rewind Project. (Phillips/DeFlitch/Thomas)
- B. Fiscal Year-End (Audit) Report – The Audit Report will be reviewed for acceptance by the Board. (Willard/Mastro & Assoc)
- C. Investment Policy – Annual review and ratification of the Investment Policy by the Board. (Willard)
- D. Purchase of Herbicide for Milfoil Treatment from Alligare, LLC in the Amount Not to Exceed \$297,702 (included in FY 2021 Budget). (Hickernell/DeFlitch)
- E. Cost Recovery Agreement with Tulare County to Reimburse the County for the Costs of Staff Time Associated with the Planning, Review, Approval, and Monitoring of the FKC Middle Reach Capacity Correction Project as it Pertains to County Facilities and Property. (Davis)

15. GENERAL UPDATES & REPORTS (90 MINUTES)

- A. Friant-Kern Canal Middle Reach Capacity Correction Project Update. (40 minutes)
 - i. Project Schedule. (DeFlitch/Davis) (15 minutes)
 - ii. Draft Financing Plan and Friant Contractor Funding Strategy. (Phillips/ Amaral/ Thomas) (25 minutes)
- B. Update to the CVPIA Business Practice Guidelines (Phillips/Biering) (15 minutes)
- C. External Affairs Activities. (Biering/Amaral) (15 minutes)
- D. San Joaquin Valley Blueprint Update. (Ewell) (5 minutes)
- E. Water Operations Update. (Buck-Macleod, Reclamation) (15 minutes)
- F. O&M Report. (DeFlitch) (5 minutes)
- G. CEO Report. (Phillips) (10 minutes)

16. ADJOURNMENT

Public Participation Information

Agenda reports and other disclosable public records related to each Open Session agenda item are available on FWA's website under "Calendar" at Friantwater.org and at FWA's main office, 854 N. Harvard Ave., Lindsay, CA 93247, during regular business hours. Under the Americans with Disabilities Act, if you require a disability-related modification or accommodation to participate in this meeting, including auxiliary aids or services, please contact Toni Marie at 559-562-6305 at least 48 hours prior to the meeting.



BOARD OF DIRECTORS MEETING | Minutes

September 24, 2020

Visalia Convention Center – Charter Oak Ball Room, first floor (Directors Only)

303 E Acequia Ave, Visalia, CA 93291

8:30 AM (CLOSED SESSION) / 10:00 (OPEN SESSION)

1. CALL TO ORDER/ROLL CALL

Chairman Chris Tantau called to order the noticed meeting of the Board of Directors of the Friant Water Authority at 8:30 a.m.

ROLL CALL

Chief Executive Officer, Jason R. Phillips noted that a quorum of the Board of Directors was present.

ATTENDANCE:

Directors Present:

Edwin Camp	Arvin-Edison W.S.D. (AEWSD)
Brock Buche	City of Fresno (CofF)
George Porter	Fresno I.D. (FID)
Loren Booth	Hills Valley I.D. (HVID)
Chris Tantau	Kaweah Delta W.C.D. (KDWCD)
Kent Stephens	Kern-Tulare W.D. (KTWD)
Michael Brownfield	Lindmore I.D. (LID)
Cliff Loeffler	Lindsay-Strathmore I.D. (LSID)
Josh Pitigliano	Lower-Tule River I.D. (LTRID)
Jim Erickson	Madera I.D. (MID)
David A. Brown	Orange Cove I.D. (OCID)
Eric Borba	Porterville I.D. (PID)
Steven G. Kisling	Saucelito I.D. (SID)
Matthew Leider	Teapot Dome W.D. (TPWD)
Edwin Wheaton	Terra Bella I.D. (TBID)
Rick Borges	Tulare I.D. (TID)

Non-FWA Directors Present:

None

Directors Absent: Kole Upton, Chowchilla W.D. (CWD); Diane Kirk, Gravelly Ford W.D. (GFWD)

2. APPROVAL OF THE AGENDA

CEO Phillips asked that Agenda No. 13.D.i. Possible effects from Creek fire be moved up on the agenda to approximately 10:30 a.m. to accommodate the Bureau of Reclamations’ schedule. The Board approved the agenda as changed.

M/S/C – Motion by Director Loeffler, seconded by Director Buche, to approve the agenda as changed. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD)

3. PUBLIC COMMENT ON CLOSED SESSION ITEMS

4. ADJOURN TO CLOSED SESSION

CLOSED SESSION ITEMS

5. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

A. NRDC v. Murillo, U.S. District Court, Eastern District of California (Sacramento Division), Case No. 88-cv- 01658-JAM-GGH

B. California Natural Resources Agency v. Ross, U.S. District Court, Eastern District of California (Fresno Division), Case No. 1:20-cv-00426-DAD-SKO

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8. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Government Code section 54956.8)
Property: Friant-Kern Canal (Middle Reach Capacity Correction Project - MP 88 (Fifth Avenue Check) to MP 121.5 (Lake Woollomes Check))
Agency negotiators: CEO, COO, General Counsel
Negotiating parties: United States (Bureau of Reclamation)
Under negotiation: Cost Share Agreement (price and terms of payment)

9. RECONVENE INTO OPEN SESSION

There was no reportable action taken during closed session.

10. PUBLIC COMMENT / PUBLIC PRESENTATIONS

There was no public comment.

11. CONSENT CALENDAR

The following routine matters were acted upon by one vote, unless a Board Member requested separate consideration of the item.

A. Approval of the Minutes – Board of Directors meeting of August 27, 2020.

B. Approve September 2020 bills and accept the Cash Activity Reports August 2020.

M/S/C – Motion by Director Loeffler, seconded by Director Brown, to approve the consent calendar as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD) (Non-FWA Contractor Roll Call Vote: Ayes – 0, Abstain – 0; Nays- 0)

12. ACTION ITEMS

A. FY 2021 and 2022 OM&R Budgets – The Board of Directors adopted the OM&R Budgets for FY 2021 and 2022 as presented. The OM&R Budgets have remained unchanged since being presented for public review. Staff received no public comments during the review period with respect to the proposed FY 21 and FY 22 OM&R Budgets.

M/S/C – Motion by Director Borges, seconded by Director Loeffler, to adopt the OM&R Budgets for Fiscal Year FY 2021, in the amount of \$15,098,862 and FY 2022, in the amount of \$15,176,485 as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD) (Non-FWA Contractor Roll Call Vote: Ayes – 0, Abstain – 0; Nays- 0)

B. 2021 General Member Budget – The Board of Directors adopted the 2021 General Member Budget as presented. The proposed General Member budget remains unchanged since being presented in August and reflects an overall increase of 22% from FY 2020. The budget was discussed at both the Executive Committee and Finance Committee meetings in September. Friant is expecting funding commitments in January 2021 for the Airborne Snow Observatory program at around 20% of the budgeted dollars from non-FWA organizations.

M/S/C – Motion by Director Loeffler, seconded by Director Erickson, to adopt the General Member Budget for Fiscal Year FY 2021, in the amount of \$2,575,000 as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD)

C. General Membership Call-for-Funds – The Board approved a General Membership Call-for Funds as outlined in the agenda report. BAM Willard reported that since the General Membership Budget had passed, staff is recommending an October 1, 2020 Call-for-Funds, consistent with the proposed General Member Budget and the associated “Exhibit A”, in the amount of \$643,750 to fund activities for the first quarter of FY 2021.

M/S/C – Motion by Director Brown, seconded by Director Pitigliano, to approve a Call-for-Funds in the amount of \$643,750 and direct staff to invoice contractors as outlined in the “Exhibit A” associated with the approved General Member budget for FY 21, on October 1 and due by October 31, 2020 as presented. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD)

D. FKC Middle Reach Capacity Correction Project - Approval of Pre-Construction Budget Not to Exceed \$300,000 for Utility Relocation Design and Planning Costs – The Board approved a pre-construction budget not-to-exceed \$300,00 for utility relocation design and planning costs to initiate time sensitive work pending formal approval of the Project and a construction budget. It is anticipated that that SCE and SoCal Gas and others will require advance deposits by utilities to process relocation plans for their facilities impacted by the Project as outlined in the agenda report. The funding will need to come out of FWA’s pre-construction funds and will be credited toward FWA’s cost-share funding obligation for the Project.

M/S/C – Motion by Director Camp, seconded by Director Kisling, to authorize a not-to-exceed budget of \$300,000 to cover advance deposits required by utilities to process relocation plans for their facilities impacted by the FKC Middle Reach Capacity Correction Project. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD) (Non-FWA Contractor Roll Call Vote: Ayes – 0, Abstain – 0; Nays- 0)

E. Participation in Jones Pumping Plant Unit Rewind Project Financing - This item was interrupted at 10:40 a.m. for the Creek Fire discussion – CEO Phillips went through the Jones Pumping Plant Unit Rewind Project financing analysis as outlined in the agenda report to discuss whether self-funding through pre-payment was desirable. The Board did not take formal action on this item but did come to consensus that self-funding was preferred. CEO Phillips said he will take this message to San Luis & Delta-Mendota Water Authority (SLDMWA). In the meantime, the Board was asked that they take this to their homeboards for direction/action prior to bringing back final details for the Project funding.

F. Cost of Living Adjustment (COLA) – The Board considered and approved the Proposed Employee COLA Adjustment as outlined in the agenda report. COO DeFlicht said that the 1.80% COLA adjustment was based on the most recent Consumer Price Indexes Pacific Cities and U.S. City Average schedule for August 2020.

M/S/C – Motion by Director Erickson, seconded by Director Borba, approve a 1.80% COLA adjustment for FWA employees to take effect on October 1, 2020.. The motion carried. (Roll Call Vote: Ayes – AESWD, CofF, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD) (Non-FWA Contractor Roll Call Vote: Ayes – 0, Abstain – 0; Nays- 0)

G. Server Project – The Board approved the purchase of hardware, software and implementation services in the amount of approximately \$218,000 as part of the budgeted replacement of the Authority’s server infrastructure and data backup and replication capabilities as outlined in the agenda report.

M/S/C – Motion by Director Loeffler, seconded by Director Stephens, approve the Server Project and authorize staff to enter not an agreement with the [Re]Design Group for the purchase and installation of the Server Project equipment and related services in an amount not-to-exceed \$218,000. The motion carried. (Roll Call Vote: Ayes – AESWD, Coff, FID, KDWCD, KTWD, LID, LSID, LTRID, MID, OCID, PID, SID, TPWD, TBID, TID; Nays – 0; Absent – CWD) (Non-FWA Contractor Roll Call Vote: Ayes – 0, Abstain – 0; Nays- 0)

13. GENERAL UPDATES & REPORTS

A. Friant-Kern Canal Middle Reach Capacity Correction Project Update.

- i. Project Schedule – COO DeFlicht provided an update as outlined in the agenda report. Noteworthy information included that the NOA/FEIS/EIR was published on September 18th and is now out for a 30-day review; working through 90% design issues and expect a 100% Design completed by October 20th; and continue to work with Tulare County on an MOU as it pertains to potential impacts to County facilities and property.
- ii. Draft Financing Plan and Friant Contractor Funding Strategy – CEO Phillips provided an update on the FKC Middle Reach Capacity Correction Project as outlined in the agenda report. Meetings with Zone 3 participants are continuing as they work through possible terms and incentives for providing initial funding for the Project.

B. External Affairs Activities – GAC Biering, Mike Villines and FWA Amaral provided a report on current activities undertaken by External Affairs. AB 1659, the bill that would fund water-related investments ultimately did not pass out of the legislature; SB 559 was passed on the assembly floor and sent to the Senate where it also passed and was delivered to Governor Newsom’s desk on September 3rd, Friant submitted a letter requesting that he sign the bill; and a Continuing Resolution (CR) did pass to keep the government running at current levels through December and we can expect a lame duck session following that.

C. San Joaquin Valley Blueprint Update – Austin Ewell provided an update as outlined in the agenda report. He said the group had a successful event, titled Uncommon Dialogue, at Stanford University in coordination with Central Valley Community Foundation, Fresno State and UC Merced. They had some 50 participants with approximately 35 of those participants speaking up during the Zoom call.

D. Water Operations Update.

- i. Possible effects from Creek fire – Michael Jackson, the Bureau’s Area Manager for the South-Central California Area Office (SCCAO) gave an update on the status of the Creek Fire and potential impacts on water operations. He said the SCCAO was coordinating with SCE on their operations plan and will be following Millerton storage closely. He said that SCE would commit to getting Friant 10k acre-feet over the next 6 days; however, SCE will be unable to generate any power. He also said he would continue to work with SCE and push for 15k acre-feet. The Bureau has already begun to look at impacts from the fire that will include estimates for runoff and inflows, potential storms, snow impact and water quality. He will keep Friant advised as conditions change.

- ii. Friant and Delta water operations – WRM Buck-Macleod provided an update as outlined in the agenda report and noted that Friant Division Class 1 is at 65%; and the SJRRP is in a dry year allocation of 202,197 acre-feet at Gravelly Ford.
- E. O&M Report – COO DeFlicht reminded the group that drain-down was being prepared for and would begin in the November time-frame saying that it was imperative that Friant get the work completed since it had already been delayed a year. He looked for member support in getting this accomplished. He also reported that office renovation for the Lindsay location was underway.
- F. CEO Report – CEO Phillips took a few moments to highlight the upcoming Board Retreat being held at the Cliffs in Pismo Beach and reminded everyone who had not RSVP'd to do so to Toni Marie as soon as they can.

14. ADJOURNMENT

The meeting adjourned at 12:10 p.m.

Jason R. Phillips, Chief Executive Officer
Friant Water Authority

Toni Marie, Recording Secretary
Friant Water Authority

OTHERS IN ATTENDANCE:

Jeevan Muhar	Arvin-Edison W.S.D.
Steve Collup	Arvin-Edison W.S.D.
Brandon Tomlinson	Chowchilla W.D.
Bill Stretch	Fresno I.D.
William West	Stone Corral I.D.
Mark Larsen	Kaweah-Delta W.C.D.
Steve Dalke	Kern-Tulare W.D.
Mike Hagman	Lindmore I.D.
Craig Wallace	Lindsay-Strathmore I.D.
Eric Limas	Lower Tule River I.D., Tea Pot Dome W.D.
Tommy Greci	Madera I.D.
Fergus Morrissey	Orange Cove I.D.
Sean Geivet	Porterville I.D., Saucelito I.D., Terra Bella I.D.
Eric Limas	Tea Pot Dome W.D.
Aaron Fukuda	Tulare I.D.
Eric R. Quinley	Delano-Earlimart I.D.
Don Davis	FWA General Counsel
Don Willard	FWA
Toni Marie	FWA
Chris Hickernell	FWA

Jason Phillips	FWA
John Bezdek	FWA
Doug DeFlitch	FWA
Christopher Hunter	FWA
Taylor Faria	FWA
Alex Biering	FWA
Johnny Amaral	FWA
Ian Buck-Macleod	FWA
Vivian Garcia	FWA
Mia Swenson	FWA
Steve Ottemoeller	Contractor
Bill Luce	Contractor
Austin Ewell	SJV Blueprint
Rufino Gonzalez	USBR
Michael P. Jackson	USBR
Tim Gobler	Wonderful
Don Wright	Waterwrights.com
Alan Doud	Young Wooldridge
Aubrey Mauritson	Visalia Law
Mike Villines	
Adam Nickels	BOR
Brian Thomas	PFM
Darren Hodge	PFM
John Gailey	
Kel Mitchell	RRG
Kristi Robinson	
Doug Gosling	Braun & Gosling

Agenda Report

No. 12.B

DATE: September 22, 2020

TO: Board of Directors

FROM: Finance Committee, Don Willard, Business Administration Manager

SUBJECT: Approve payment of the bills for October 2020 and accept Cash Activity Reports for September 2020

SUMMARY:

The Finance Committee met on October 19, 2020 and reviewed the bills to be paid for October 2020 and the Cash Activity Reports for September 2020. There was a quorum for the meeting.

FINANCE COMMITTEE ACTION:

The Finance Committee acted to recommend that Board of Directors approve payment of the October 2020 bills in the amount of \$2,907,356.92 and accept the Cash Activity Reports for September 2020.

RECOMMENDED ACTION:

The Finance Committee recommends approval for the payment of the October 2020 bills in the amount of \$2,907,356.92 and acceptance of the September 2020 Cash Activity Reports.

SUGGESTED MOTION:

The Board of Directors approve payment of the October 2020 bills of \$2,907,356.92 and accept the September 2020 Cash Activity Reports.

BUDGET IMPACT:

\$1,561,755.32 chargeable to the O&M Budget; \$95,152.57 chargeable to the GM Budget.

\$1,005,424.03 wire to SLDMWA: \$626,342.73 for August / September 2020 and \$379,081.30 related to the true-up for the 2017 water year.

\$245,025.00 – Banta-Carbona Irrigation District & Patterson Irrigation District – Recapture Water.

ATTACHMENTS:

Friant Water Authority Expenditures – October 2020
Friant Water Authority September 2020 Cash Activity Reports

FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, OCTOBER 2020

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
BILLS PAID OCTOBER 12, 2020				
AIRGAS USA, LLC	412.33	-	\$ 412.33	Welding shop supplies
AMAZON CAPITOL SERVICES, INC.	330.36	-	330.36	Office supplies
ANGEL GARDEN FLOWER SHOP	143.55	-	143.55	Rental-tables and chairs
ARNOLD, GREGORY	108.00	-	108.00	Expense claim reimbursement
AT&T	348.69	-	348.69	Telephone services
AUTO ZONE, INC.	268.37	-	268.37	Repair parts for pickups
BANTA-CARBONA IRRIGATION DISTRICT	113,400.00	-	113,400.00	Recapture H2O-reimbursable
BARNES WELDING SUPPLY INC	20.00	-	20.00	Welding shop supplies
BILL LUCE CONSULTING	1,633.50	1,501.50	3,135.00	Consulting services-September
BOOT BARN INC.	280.00	-	280.00	Safety boots (2 employees)
BURKE, WILLIAMS & SORENSEN, LLP	14,448.84	2,525.00	16,973.84	Consulting services-August
CENTRAL VALLEY OCCUP	98.00	-	98.00	Physical exam-1
CHAPAS AUTOMOTIVE	606.37	-	606.37	Pickup inspection
CITY OF DELANO	245.44	-	245.44	Utilities
COASTLINE EQUIPMENT	436.06	-	436.06	Repair parts for JD loader
COMCAST	401.21	-	401.21	Internet service-Sacramento
COUNTY OF KERN ENVIRONMENTAL HEALTH	595.00	-	595.00	Annual hazardous health permit
CRAIGS AUTO PARTS	436.56	-	436.56	Repair parts for pickups
CULLIGAN	94.00	-	94.00	Water service-OC yard
CUMMINS	24.27	-	24.27	Repair parts for water truck
DACO FARM SUPPLY	32.48	-	32.48	Hardware for Delano yard
DINUBA LUMBER COMPANY	231.75	-	231.75	Hardware for OC yard
DOUG DeLEO WELDING	117.78	-	117.78	Welding shop supplies
E M THARP INC	1,181.64	-	1,181.64	Repair parts for dump truck
FASTENAL COMPANY	53.90	-	53.90	Hardware for all yards
FOOTHILL AUTO TRUCK & AG PARTS, INC.	907.17	-	907.17	Parts and supplies-OC yard
FRONTIER	940.87	-	940.87	Telephone services
FRUIT GROWERS SUPPLY CO	136.35	-	136.35	Supplies for OC yard
GARCIA, VIVIAN	832.60	-	832.60	Expense claim reimbursement
GRAINGER	1,694.84	-	1,694.84	Replacement fuel pump
GROSSMAYER & ASSOCIATES	405.00	-	405.00	Great Plains support
HOME DEPOT CREDIT SERVICES	7,047.83	-	7,047.83	Hardware for remodel project
INTELLISITE, LLC	3,985.00	-	3,985.00	Quarterly maintenance
INTRADO ENTERPRISE COLLABORATION, INC.	26.47	281.35	307.82	Conference calls
IRON MOUNTAIN	21.00	-	21.00	Legal document storage
JACK GRIGGS INC.	27.03	-	27.03	Propane-8 gallons
JORGENSEN COMPANY	94.36	-	94.36	Safety supplies-OC yard
KAN VENTURES, INC.	3,250.00	6,750.00	10,000.00	Consulting services-September
LEE'S SERVICE, INC.	192.22	-	192.22	Repairs and service

FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, OCTOBER 2020

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
LINCOLN NATIONAL LIFE INSURANCE CO.	3,441.58	508.83	3,950.41	Life insurance premiums
MARRIOTT VISALIA	7,449.44	-	7,449.44	Board of Directors and Executive committee meetings
MEDALLION SUPPLY COMPANY	840.23	-	840.23	Electrical supplies
MICROSOFT	896.00	-	896.00	Office 365
MOONLIGHT MAINTENANCE SERVICES	1,885.00	-	1,885.00	Janitor services for all yards
MONARCH FORD	111.92	-	111.92	Repair parts for pickup
NOSSAMAN LLP	1,680.00	-	1,680.00	Professional services-August
NUTRIEN AG SOLUTIONS	808.13	-	808.13	Milestone- 2.5 gallons
PACIFIC GAS & ELECTRIC	116.58	-	116.58	Utilities
PORTERVILLE FORD	158.90	-	158.90	Repair parts for pickup
PORTERVILLE LOCK & SAFE	32.61	-	32.61	Duplicate keys
PRUDENTIAL OVERALL SUPPLY	2,539.37	-	2,539.37	Uniforms for all yards
QUADIENT LEASING USA, INC.	999.52	-	999.52	Postage meter lease
QUILL CORPORATION	485.17	-	485.17	Office supplies
RICHARDSON FLOORING	3,354.81	-	3,354.81	Flooring for remodel project
SAN JOAQUIN PEST CONTROL	59.00	-	59.00	Pest control-OC yard
SAN JOAQUIN PEST CONTROL	33.00	-	33.00	Pest control-Kings River house
SAN JOAQUIN PEST CONTROL	40.00	-	40.00	Pest control-Delano
SEQUOIA OUTDOOR POWER	76.12	-	76.12	Repair parts for pickup
SHERWIN WILLIAMS CO.	1,110.07	-	1,110.07	Paint for remodel project
SIGN RANCH	32.39	-	32.39	Vehicle numbers
SMART & FINAL CORP	313.40	-	313.40	Kitchen supplies-all yards
SO CAL GAS	121.31	-	121.31	Utilities
SOUTHERN CALIF EDISON	5,346.16	-	5,346.16	Utilities
SP PLUS CORPORATION-HYATT		440.00	440.00	Parking spaces-Sacramento 2
SPARKLETTES	132.67	-	132.67	Water services- Lindsay office
SPARKLETTES	18.76	-	18.76	Water services- Kings River House
STANDARD INSURANCE CO	6,100.27	1,670.20	7,770.47	Survivors Life insurance
STOP ALARM, INC.	18.50	-	18.50	Alarm services
STUART'S JOHANSON & THOMAS	876.09	-	876.09	Repair parts for loader
TECHNOFLO SYSTEMS	1,103.63	-	1,103.63	Meter accuracy tests
TELCION COMMUNICATIONS GROUP	4,148.00	-	4,148.00	Desktop support
TF TIRE & SERVICE	2,555.03	-	2,555.03	Heavy duty tires (2), light tires (12), service & repairs
UNWIRED BROADBAND, INC.	299.98	-	299.98	Internet-OC and Delano yards
VALLEY IRON, INC.	573.11	-	573.11	Metal materials-OC yard
VALLEY PACIFIC PETROLEUM SERVICES, INC.	11,506.97	-	11,506.97	Fuel for all yards
VALLEY PLUMBING	3,500.00	-	3,500.00	Plumbing for remodel project
VAST NETWORKS	1,600.00	-	1,600.00	Internet-Lindsay 2 months
VERIZON	2,241.36	-	2,241.36	SCADA communications
VERIZON WIRELESS	2,608.57	-	2,608.57	SCADA-mobile to mobile
WATER AND POWER LAW GROUP PC	10,180.24	25,357.26	35,537.50	Professional services -July and August

FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, OCTOBER 2020

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
WEISENBERGERS	130.37	-	130.37	Hardware for remodel project
WESTAIR GASES & EQUIPMENT INC.	150.60	-	150.60	Shop supplies
WEX BANK	31.07	-	31.07	Various fuel charges
WILLARD, DON	52.38	-	52.38	Expense claim reimbursement
XEROX FINANCIAL SERVICES	1,676.06	276.83	1,952.89	Lease agreement
ZENITH INSURANCE COMPANY	7,240.00	-	7,240.00	Workers compensation
ZOOM IMAGING SOLUTIONS, INC.	13.46	131.70	145.16	Copier supplies
BILLS PAID OCTOBER 12, 2020	244,196.67	39,442.67	283,639.34	
BILLS TO BE PAID OCTOBER 22, 2020				
ACWA / JPIA	84,853.70	6,570.30	91,424.00	Medical, dental, vision insurance
ABILITY	101.98	-	101.98	Telephone Expense
AIRGAS USA, LLC	34.37	-	34.37	Welding shop supplies
AMAZON CAPITOL SERVICES, INC.	296.29	-	296.29	Office supplies
BANK OF AMERICA	14,614.22	1,657.97	16,272.19	Various Visa charges
BLANKINSHIP & ASSOCIATES, INC.	2,466.65	-	2,466.65	Weed control-NEPES
BLAST COAT SYSTEMS, INC.	8,613.00	-	8,613.00	Sandblasting media-Dewatering project
BOOT BARN INC.	140.00	-	140.00	Safety boots
CAL BENNETTS OFFICE FURNISHING	3,615.55	-	3,615.55	Furniture for front office-50%
CITY OF LINDSAY	428.86	-	428.86	Utilities
CITY OF ORANGE COVE	460.93	-	460.93	Utilities
COUNTY OF FRESNO TREASURER	375.75	-	375.75	Squirrel bait-200 lbs.
DIGI-KEY	3,906.28	-	3,906.28	Replacement parts for SCADA
EXECUTIVE SUITES AT RIVER BLUFF, LP	-	1,985.00	1,985.00	Rent for Fresno office
FOOTHILL AUTO TRUCK & AG PARTS, INC.	890.48	-	890.48	Parts and supplies-OC yard
FRUIT GROWERS SUPPLY CO	969.49	-	969.49	Supplies for OC yard
FUSION CLOUD SERVICES, LLC	305.24	-	305.24	Telephone services
GRAINGER	152.01	-	152.01	Repair parts-diesel station
GROSSMAYER & ASSOCIATES	202.50	-	202.50	Great Plains support
HELENA CHEMICAL COMPANY	21,815.79	-	21,815.79	Roundup-1,325 gallons
HOME DEPOT CREDIT SERVICES	750.99	-	750.99	Hardware for remodel project
KROEGER EQUIPMENT & SUPPLY	79.03	-	79.03	Shop supplies for OC yard
LAWSON PRODUCTS	116.95	-	116.95	Hardware for Mechanic
LINDSAY TRUE VALUE	284.50	-	284.50	Routine hardware and supplies
MARTIN TERMITE & PEST CONTROL	45.00	-	45.00	Pest control-Kaweah house
OFFICE DEPOT INC.	150.01	-	150.01	Office supplies
PAC MACHINE CO., INC.	2,347.75	-	2,347.75	Dewatering pumps-2
PACIFIC GAS & ELECTRIC	65.31	-	65.31	Utilities
PALM OCCUPATIONAL MEDICINE	599.64	-	599.64	DOT exam-1, physicals-2
PAPE KENWORTH	444.86	-	444.86	Repair parts for spray rig

FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, OCTOBER 2020

PAYEE	O&M FUND	GM FUND	TOTAL	DESCRIPTION
PATTERSON IRRIGATION DISTRICT	131,625.00	-	131,625.00	Recapture H2O-reimbursable
PBW DISTRIBUTOR INC	1,028.05	-	1,028.05	Repair parts for tractor
PETTY CASH - LINDSAY	324.42	-	324.42	Petty cash reimbursement
PETTY CASH CHECKING	29.99	-	29.99	Petty cash checking reimbursement
ROBERT V. JENSEN, INC.	5,801.45	-	5,801.45	Fuel for Lindsay yard
SAN LUIS & DELTA-MENDOTA	241,201.19	-	241,201.19	WY adjustment for 2017
SAN LUIS & DELTA-MENDOTA	137,880.11	-	137,880.11	WY2017 Recapture Adjustment
SAVE A LIFE TRAINING CENTER	1,980.00	-	1,980.00	CPR Training
SCHNEIDER ELECTRIC, USA, INC.	5,315.70	-	5,315.70	Replacement SCADA packs
SENATOR SEAGATE, L.P.	-	3,605.06	3,605.06	Rent for Sacramento office
SEVIERS AUTO SUPPLY	566.48	-	566.48	Supplies for Delano yard
SHERWIN WILLIAMS CO.	463.65	-	463.65	Paint for remodel project
SO CAL GAS	25.34	-	25.34	Utilities
STANTEC CONSULTING SERVICES INC.	18,726.25	-	18,726.25	Consulting services-September
STOEL RIVES LLP	-	19,737.06	19,737.06	Professional services-July and August
SLDMWA - WY2020	626,342.73	-	626,342.73	Estimated November 2020 water usage
STOP ALARM, INC.	486.00	-	486.00	Quarterly alarm service
TECHNOFLO SYSTEMS	2,962.87	-	2,962.87	Flowcom digital registers-3
TF TIRE & SERVICE	112.41	-	112.41	Tire repairs and service
THE CLIFF'S RESORT	22,154.51	22,154.51	44,309.02	2020 Board Retreat
UNITED SITE SERVICES OF CALIF.	5,059.15	-	5,059.15	Executive restroom rental
VALLEY PACIFIC PETROLEUM SERVICES, INC.	4,067.48	-	4,067.48	Fuel for all yards
VERIZON WIRELESS	2,677.43	-	2,677.43	Cell phone services
WORLD OIL ENVIRONMENTAL SERVICES	194.31	-	194.31	Hazardous waste removal
XEROX FINANCIAL SERVICES	640.16	-	640.16	Buyout to return
ZOOM IMAGING SOLUTIONS, INC.	153.96	-	153.96	Copier supplies
BILLS TO BE PAID OCTOBER 22, 2020	1,358,945.77	55,709.90	1,414,655.67	
Total previously paid	244,196.67	39,442.67	283,639.34	
Grand total to be approved	1,603,142.44	95,152.57	1,698,295.01	
Total from Pump Back Grant			4,050.51	
Total from WIIN and SJRRP Grant			1,205,011.40	
Grand Total			\$ 2,907,356.92	

FRIANT WATER AUTHORITY EXPENDITURES TO BE RATIFIED, OCTOBER 2020

GRANTS

PAYEE	Pump Back	Winn/SJRRP	TOTAL	DESCRIPTION
BENDER ROSENTHAL INCORPORATED		\$ 102,107.83	\$ 102,107.83	Consulting services-September
BURKE, WILLIAMS & SORENSEN, LLP	\$ 975.00	\$ 16,342.50	\$ 17,317.50	Consulting services-August
FEDEX	\$ 46.88		\$ 46.88	Priority overnight-1
INTRADO ENTERPRISE COLLABORATION, INC.	\$ 4.63	\$ 3.95	\$ 8.58	Conference calls
STANTEC CONSULTING SERVICES INC.		\$ 983,026.54	\$ 983,026.54	Consulting services- July and August
BILLS PAID OCTOBER 12, 2020	\$ 1,026.51	\$ 1,101,480.82	\$ 1,102,507.33	
BANK OF AMERICA		\$ 79.33	\$ 79.33	Various Visa charges
KERN COUNTY CLERK		\$ 50.00	\$ 50.00	Recording the CEQA N.O.D.
PROVOST & PRITCHARD INC	\$ 3,024.00		\$ 3,024.00	Consulting services-August
SOUTHERN CALIFORNIA EDISON		\$ 100,000.00	\$ 100,000.00	Engineering advance
TULARE CO. CLERK RECORDER		\$ 3,401.25	\$ 3,401.25	Recording the CEQA N.O.D.
BILLS TO BE PAID OCTOBER 22, 2020	\$ 3,024.00	\$ 103,530.58	\$ 106,554.58	
GRAND TOTALS	\$ 4,050.51	\$ 1,205,011.40	\$ 1,209,061.91	

FWA Budget Presentation

FY 2019 - 2020

Budget year: **100.0%** Completed

Operations & Maintenance	FY 2020 Budget	09/30/2020 Year to Date	Budget Remaining	Budget Spent %
Operations Dept				
Employee Salaries/Pay	941,076	733,152	207,924	77.9%
Employee Benefits	434,192	418,715	15,478	96.4%
Supplies & Services	725,253	428,433	296,821	59.1%
Total Operations	2,100,521	1,580,300	520,222	75.2%
Maintenance Dept				
Employee Salaries/Pay	2,081,633	2,299,524	(217,891)	110.5%
Employee Benefits	994,805	1,217,938	(223,133)	122.4%
Supplies & Services	7,379,692	9,156,199	(1,776,507)	124.1%
Total Maintenance	10,456,130	12,673,661	(2,217,532)	121.2%
Administration Allocation to O&M	2,132,339	1,748,359	383,979	82.0%
Administration Fixed Assets not allocated	364,439	23,490	340,949	6.4%
Total Operations & Maintenance	15,053,429	16,025,810	(972,381)	106.5%

General Member	FY 2020 Budget	09/30/2020 Year to Date	FY 2020 Remaining	Budget spent %
Employee Salaries/Pay with Benefits	736,000	662,103	73,897	90.0%
Other supplies and services	295,500	200,388	95,112	67.8%
Admin Allocation to GM	210,000	156,224	53,776	74.4%
General Counsel	10,000	14,508	(4,508)	145.1%
Outside Legal Consultants	309,500	421,912	(112,412)	136.3%
Other Consultants	553,000	379,689	173,311	68.7%
Total General Member	2,114,000	1,834,823	279,177	86.8%

FWA Revenue Presentation

FY 2019 - 2020

Budget year: **100.0%** Completed

Operations & Maintenance	FY 2020 Budget	09/30/2020 Year to Date	Budget Remaining
Revenue			
Interest Income	106,000	79,000	27,000
Miscellaneous Income	-	84,882	(84,882)
Conveyance Fees		204,231	
Federal Grant Revenue	-	2,338,407	(2,338,407)
O & M Revenue	15,053,429	15,053,424	5
Total Revenue	15,159,429	17,759,944	(2,396,284)
Expenses			
Total Operations	2,100,521	1,580,300	520,222
Total Maintenance	10,456,130	12,673,661	(2,217,532)
Total Administration	2,496,778	1,771,849	724,928
Total O&M Expenses	15,053,429	16,025,810	(972,381)

General Member	FY 2020 Budget	09/30/2020 Year to Date	FY 2020 Remaining
Revenue			
Interest Income	-	14,302	(14,302)
GM Revenue	2,102,000	2,102,000	-
Miscellaneous	-	390	(390)
Associate Dues	12,000	12,000	-
Total Revenue	2,114,000	2,128,692	(14,692)
Total GM Expenses	2,114,000	1,834,823	279,177

Friant Water Authority
Budget vs Actual Expenses
YTD - 09/30/2020

Budget year: 100.0% Completed

	Total				Labor				Materials			
	Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
MAINTENANCE												
Vehicle & Equipment Service	\$ 736,462	\$ 468,036	63.6%	\$ 268,426	\$ 226,556	\$ 140,056	61.8%	\$ 86,500	\$ 509,906	\$ 327,980	64.3%	\$ 181,926
Maintenance Supervision	328,514	327,299	99.6%	1,215	328,514	327,299	99.6%	1,215	-	-	0.0%	-
Right-of-Way Management	23,012	52,841	229.6%	(29,830)	23,012	51,818	225.2%	(28,806)	-	1,023	0.0%	(1,023)
Weed & Pest Control	675,694	629,092	93.1%	46,601	265,773	278,254	104.7%	(12,481)	409,921	350,839	85.6%	59,082
Implem Biol. Opinion	42,634	1,253	2.9%	41,381	-	-	0.0%	-	42,634	1,253	2.9%	41,381
Road Maintenance	203,791	53,134	26.1%	150,657	52,807	34,801	65.9%	18,007	150,983	18,333	12.1%	132,650
Yard & Building Maintenance	265,821	279,272	105.1%	(13,451)	132,160	132,059	99.9%	101	133,661	147,213	110.1%	(13,552)
Structure & Gate Maintenance	103,524	188,964	182.5%	(85,440)	72,692	151,445	208.3%	(78,753)	30,832	37,519	121.7%	(6,687)
Cleaning Right-of-Way	44,874	60,651	135.2%	(15,777)	44,874	57,469	128.1%	(12,594)	-	3,182	0.0%	(3,182)
Bargate & Guardrail Maint	53,951	30,566	56.7%	23,385	36,791	23,518	63.9%	13,274	17,159	7,049	41.1%	10,111
Embankment Maintenance	62,517	101,566	162.5%	(39,049)	50,590	99,089	195.9%	(48,500)	11,927	2,477	20.8%	9,451
Bridge Maintenance	74,129	20,637	27.8%	53,492	36,266	19,216	53.0%	17,050	37,863	1,421	3.8%	36,443
Miscellaneous Maintenance	20,216	10,153	50.2%	10,063	4,952	1,967	39.7%	2,985	15,264	8,186	53.6%	7,078
Reverse Flow Pumping	-	54,047	0.0%	(54,047)	-	5,802	0.0%	(5,802)	-	48,245	0.0%	(48,245)
Concrete Lining Maintenance	8,614	7,218	83.8%	1,396	6,106	7,183	117.6%	(1,077)	2,508	35	1.4%	2,473
Drainditch & Channel Maint.	26,553	8,553	32.2%	18,000	26,553	8,503	32.0%	18,050	-	50	0.0%	(50)
Fence Maintenance	38,046	42,571	111.9%	(4,525)	30,586	35,851	117.2%	(5,265)	7,459	6,720	90.1%	739
Mudjacking	14,464	3,843	26.6%	10,622	12,986	3,843	29.6%	9,144	1,478	-	0.0%	1,478
Painting	56,021	19,189	34.3%	36,832	45,761	11,924	26.1%	33,837	10,261	7,265	70.8%	2,995
Sump Pump Maintenance	1,907	162	8.5%	1,744	1,907	162	8.5%	1,744	-	-	0.0%	-
Cross Drainage Structure Mtce	13,873	-	0.0%	13,873	13,873	-	0.0%	13,873	-	-	0.0%	-
Rip-Rapping	6,566	197	3.0%	6,369	6,566	197	3.0%	6,369	-	-	0.0%	-
USBR Pump Back Project	147,483	327,974	222.4%	(180,491)	22,483	59,355	264.0%	(36,872)	125,000	268,620	214.9%	(143,620)
FKC Subsidence	5,000,000	7,296,225	145.9%	(2,296,225)	186,064	132,813	71.4%	53,251	4,813,936	7,163,412	148.8%	(2,349,476)
FKC Capacity Correction	-	260,725	0.0%	(260,725)	-	34,868	0.0%	(34,868)	-	225,858	0.0%	(225,858)
GSA Engagement	120,000	121,372	101.1%	(1,372)	-	23,698	0.0%	(23,698)	120,000	97,674	81.4%	22,326
Operations Supervision	41,923	45,572	108.7%	(3,649)	41,923	45,572	108.7%	(3,649)	-	-	0.0%	-
Water supply coordination & monitoring	13,383	143,487	1072.1%	(130,104)	13,383	34,045	254.4%	(20,662)	-	109,442	0.0%	(109,442)
Water Quality	-	7,446	0.0%	(7,446)	-	6,789	0.0%	(6,789)	-	656	0.0%	(656)
FKC Title Transfer	669,831	91,497	13.7%	578,334	70,981	30,462	42.9%	40,519	598,850	61,035	10.2%	537,815
Legal Expense - Direct	6,140	4,371	71.2%	1,769	-	-	0.0%	-	6,140	4,371	71.2%	1,769
Safety & First Aid Training	82,419	36,901	44.8%	45,518	41,445	8,672	20.9%	32,773	40,974	28,229	68.9%	12,745
SLDMWA/FWA	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%	-
Payroll Preparation	2,393	529	22.1%	1,864	2,393	529	22.1%	1,864	-	-	0.0%	-
Meetings (General)	23,306	82,436	353.7%	(59,131)	12,031	78,893	655.8%	(66,862)	11,275	3,544	31.4%	7,731
Meetings (Board of Directors)	9,844	48,360	491.3%	(38,517)	9,844	34,713	352.6%	(24,869)	-	13,648	0.0%	(13,648)
Meetings (Sub Committee)	6,562	23,309	355.2%	(16,747)	6,562	23,304	355.1%	(16,742)	-	5	0.0%	(5)
Meetings (Staff)	14,573	45,688	313.5%	(31,114)	13,036	45,382	348.1%	(32,346)	1,538	306	19.9%	1,232
Education & Training	60,695	36,756	60.6%	23,940	32,115	30,941	96.3%	1,174	28,581	5,815	20.3%	22,766
Miscellaneous Administrative	-	9,521	0.0%	(9,521)	-	9,521	0.0%	(9,521)	-	-	0.0%	-
Procurement	8,856	3,621	40.9%	5,235	8,856	3,621	40.9%	5,235	-	-	0.0%	-
Inventory & Property Mgt.	10,398	1,926	18.5%	8,471	10,398	1,926	18.5%	8,471	-	-	0.0%	-
Employee Benefit (Holiday)	64,313	63,567	98.8%	746	64,313	63,567	98.8%	746	-	-	0.0%	-
Employee Benefit (Sick Pay)	-	115,491	0.0%	(115,491)	-	106,215	0.0%	(106,215)	-	9,276	0.0%	(9,276)
Employee Benefit (Vacation)	103,987	115,314	110.9%	(11,327)	103,987	115,398	111.0%	(11,411)	-	(83)	0.0%	83
Employee Benefit (Jury Duty)	-	1,200	0.0%	(1,200)	-	1,200	0.0%	(1,200)	-	-	0.0%	-
Travel	8,610	8,676	100.8%	(66)	-	-	0.0%	-	8,610	8,676	100.8%	(66)
Personnel Administration	10,186	178	1.7%	10,008	10,186	110	1.1%	10,076	-	68	0.0%	(68)
Retirement, Health Ins, PR Taxes	826,505	922,366	111.6%	(95,861)	-	-	0.0%	-	826,505	922,366	111.6%	(95,861)
Legal Expense-Indirect	-	2,172	0.0%	(2,172)	-	-	0.0%	-	-	2,172	0.0%	(2,172)
Utilities	77,181	67,125	87.0%	10,056	-	-	0.0%	-	77,181	67,125	87.0%	10,056
Telephone Expense	12,911	13,927	107.9%	(1,016)	-	-	0.0%	-	12,911	13,927	107.9%	(1,016)
Dues & Subscriptions	21,385	5,241	24.5%	16,143	-	-	0.0%	-	21,385	5,241	24.5%	16,143
Budget Preparation	12,308	4,160	33.8%	8,149	12,308	4,160	33.8%	8,149	-	-	0.0%	-
Archiving & Data Storage	-	10,640	0.0%	(10,640)	-	10,640	0.0%	(10,640)	-	-	0.0%	-
Vehicle & Equipment Acquisition	299,756	393,688	131.3%	(93,932)	-	-	0.0%	-	299,756	393,688	131.3%	(93,932)
Services for outside contracts	-	2,955	0.0%	(2,955)	-	2,677	0.0%	(2,677)	-	278	0.0%	(278)
TOTAL EXPENSES: MAINTENANCE	10,456,130	12,673,661	121.2%	(2,217,532)	2,081,633	2,299,524	110.5%	(217,891)	8,374,497	10,374,137	123.9%	(1,999,640)

Friant Water Authority
Budget vs Actual Expenses
YTD - 09/30/2020

Budget year: 100.0% Completed

	Total				Labor				Materials			
	Annual	YTD	% Of Bud	Projected Remaining	Budget	YTD	Projected Remaining	Budget	YTD	Projected Remaining		
	Budget	Actual				Actual			Actual			
WATER OPERATIONS												
Vehicle & Equipment Service	\$ 3,926	\$ 1,522	38.76%	\$ 2,405	\$ 2,121	\$ -	0.00%	\$ 2,121	\$ 1,806	\$ 1,522	84.28%	\$ 284
Weed & Pest Control	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
Yard & Building Maintenance	81,305	48,796	60.02%	32,508	16,853	26,497	157.22%	(9,644)	64,451	22,299	34.60%	42,152
Structure & Gate Maintenance	216,520	99,885	46.13%	116,635	44,245	29,984	67.77%	14,261	172,275	69,901	40.58%	102,374
Cleaning Right-of-Way	8,953	-	0.00%	8,953	8,284	-	0.00%	8,284	669	-	0.00%	669
Bargate & Guardrail Maint	5,068	2,560	50.52%	2,508	1,381	-	0.00%	1,381	3,687	2,560	69.43%	1,127
Reverse Flow Pump	-	47,037	0.00%	(47,037)	-	-	0.00%	-	-	47,037	0.00%	(47,037)
Sump Pump Maintenance	32,445	3,660	11.28%	28,786	-	-	0.00%	-	32,445	3,660	11.28%	28,786
FKC Subsidence	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
GSA Engagement	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
C & I General Mtce	16,746	25,766	153.87%	(9,020)	16,077	25,199	156.74%	(9,123)	669	567	84.73%	102
C. & I. Maint (ESI Equipment)	257,193	83,092	32.31%	174,100	90,817	45,560	50.17%	45,257	166,376	37,532	22.56%	128,843
Meter Repair	181,068	55,481	30.64%	125,587	109,330	46,882	42.88%	62,448	71,738	8,599	11.99%	63,139
Canal Patrol	193,416	281,279	145.43%	(87,864)	193,416	281,196	145.38%	(87,780)	-	83	0.00%	(83)
Operations Reports	115,499	92,933	80.46%	22,566	113,326	91,937	81.13%	21,389	2,174	996	45.83%	1,178
Operations Supervision	42,415	60,758	143.25%	(18,343)	42,415	60,758	143.25%	(18,343)	-	-	0.00%	-
Water Measurement	67,703	14,381	21.24%	53,321	62,687	14,024	22.37%	48,662	5,016	357	7.12%	4,659
Miscellaneous Operations	4,241	9,166	216.10%	(4,924)	4,241	197	4.66%	4,044	-	8,968	0.00%	(8,968)
Water Quality	71,668	10,003	13.96%	61,665	57,906	4,781	8.26%	53,125	13,762	5,222	37.95%	8,540
Groundwater & Seepage Well Measurement	4,419	1,580	35.74%	2,840	4,419	1,580	35.74%	2,840	-	-	0.00%	-
Safety & First Aid Training	17,515	4,648	26.53%	12,868	8,866	1,158	13.06%	7,709	8,649	3,490	40.35%	5,159
Payroll Preparation	509	-	0.00%	509	509	-	0.00%	509	-	-	0.00%	-
Water supply coordination & monitoring	163,853	83,987	51.26%	79,866	61,444	-	0.00%	61,444	102,409	83,987	82.01%	18,422
Meetings (General)	4,072	561	13.77%	3,511	4,072	561	13.77%	3,511	-	-	0.00%	-
Meetings (Staff)	4,433	3,580	80.75%	853	4,433	3,580	80.75%	853	-	-	0.00%	-
Education & Training	33,526	1,700	5.07%	31,826	14,538	1,700	11.69%	12,838	18,988	-	0.00%	18,988
Procurement	1,018	-	0.00%	1,018	1,018	-	0.00%	1,018	-	-	0.00%	-
Inventory & Property Mgt.	5,016	-	0.00%	5,016	5,016	-	0.00%	5,016	-	-	0.00%	-
Employee Benefit (Holiday)	26,599	23,202	87.23%	3,397	26,599	23,202	87.23%	3,397	-	-	0.00%	-
Employee Benefit (Sick Pay)	-	39,661	0.00%	(39,661)	-	38,008	0.00%	(38,008)	-	1,653	0.00%	(1,653)
Employee Benefit (Vacation)	-	395	0.00%	(395)	-	395	0.00%	(395)	-	-	0.00%	-
Employee Benefit (Vacation)	46,044	39,306	85.37%	6,738	46,044	35,953	78.09%	10,090	-	3,352	0.00%	(3,352)
Retirement, Health Ins, PR Taxes	361,549	316,151	87.4%	45,398	-	-	0.0%	-	361,549	316,151	87.4%	45,398
Utilities	26,753	51,310	191.79%	(24,557)	-	-	0.00%	-	26,753	51,310	191.79%	(24,557)
Telephone Expense	57,491	14,074	24.48%	43,418	-	-	0.00%	-	57,491	14,074	24.48%	43,418
Personnel Administration	-	501	0.00%	(501)	-	-	0.00%	-	-	501	0.00%	(501)
Employee Incentives & Awards	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
Postage	564	73	13.00%	490	-	-	0.00%	-	564	73	13.00%	490
Budget Preparation	1,018	-	0.00%	1,018	1,018	-	0.00%	1,018	-	-	0.00%	-
Vehicle & Equipment Acquisition	47,975	163,252	340.29%	(115,277)	-	-	0.00%	-	47,975	163,252	340.29%	(115,277)
Services for outside contracts	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-
TOTAL EXPENSES: WATER OPERATIONS	\$ 2,100,521	\$ 1,580,300	75.2%	\$ 520,222	\$ 941,076	\$ 733,152	77.9%	\$ 207,924	\$ 1,159,446	\$ 847,147	73.1%	\$ 312,298

Friant Water Authority
Budget vs Actual Expenses
YTD - 09/30/2020

Budget year: 100.0% Completed

	Total				Labor				Materials			
	Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
ADMINISTRATION												
USBR Pump Back Project	\$ -	\$ 685	0.00%	\$ (685)	\$ -	\$ 685	0.00%	\$ (685)	\$ -	\$ -	0.00%	\$ -
FKC Subsidence	-	7,691	0.00%	(7,691)	-	7,691	0.00%	(7,691)	-	-	0.00%	-
C. & I. Maint (ESI Equipment)	12,888	16,759	130.03%	(3,870)	12,888	16,759	130.03%	(3,870)	-	-	0.00%	-
Water supply coordination & monitoring	12,241	5,215	42.60%	7,026	12,241	4,487	36.65%	7,755	-	729	0.00%	(729)
Administrative Supervision	12,888	14,742	114.38%	(1,854)	12,888	14,742	114.38%	(1,854)	-	-	0.00%	-
Safety & First Aid Training	18,108	22,678	125.23%	(4,569)	5,524	7,246	131.17%	(1,722)	12,584	15,432	122.63%	(2,847)
Office Admin (Typing etc.)	256,145	176,334	68.84%	79,811	256,145	176,214	68.79%	79,931	-	120	0.00%	(120)
Payroll Preparation	8,041	9,715	120.82%	(1,674)	8,041	9,715	120.82%	(1,674)	-	-	0.00%	-
Meetings (General)	15,593	14,684	94.17%	909	5,654	8,836	156.28%	(3,182)	9,938	5,848	58.84%	4,091
Meetings (Board of Directors)	158,204	146,865	92.83%	11,339	9,939	11,399	114.69%	(1,460)	148,265	135,466	91.37%	12,799
Meetings (Sub Committee)	70,732	48,185	68.12%	22,547	8,595	7,628	88.75%	967	62,137	40,557	65.27%	21,580
Meetings (Staff)	26,942	11,013	40.88%	15,929	6,442	9,094	141.16%	(2,652)	20,500	1,919	9.36%	18,581
Education & Training	42,682	9,942	23.29%	32,740	6,295	6,221	98.83%	73	36,388	3,721	10.23%	32,666
Miscellaneous Administrative	4,213	2,184	51.84%	2,029	1,426	17	1.22%	1,409	2,786	2,167	77.76%	620
Inventory & Property Mgt.	2,178	-	0.00%	2,178	2,178	-	0.00%	2,178	-	-	0.00%	-
Employee Benefit (Holiday)	28,555	26,373	92.36%	2,182	28,555	26,373	92.36%	2,182	-	-	0.00%	-
Employee Benefit (Sick Pay)	-	27,653	0.00%	(27,653)	-	24,801	0.00%	(24,801)	-	2,851	0.00%	(2,851)
Employee Benefit (Vacation)	41,726	39,433	94.50%	2,293	41,726	28,146	67.45%	13,580	-	11,287	0.00%	(11,287)
Data Processing	190,621	159,153	83.49%	31,468	55,678	64,789	116.36%	(9,111)	134,943	94,364	69.93%	40,579
Travel	16,700	2,878	17.23%	13,822	-	-	0.00%	-	16,700	2,878	17.23%	13,822
Accounting & Auditing	356,069	293,571	82.45%	62,498	338,069	278,132	82.27%	59,937	18,000	15,439	85.77%	2,561
Personnel Administration	140,430	98,272	69.98%	42,158	69,096	62,493	90.44%	6,603	71,335	35,779	50.16%	35,555
Retirement, Health Ins, PR Taxes	330,831	324,741	98.16%	6,090	-	-	0.00%	-	330,831	324,741	98.16%	6,090
Liability Insurance	139,400	85,279	61.18%	54,121	-	-	0.00%	-	139,400	85,279	61.18%	54,121
Workers Compensation Insurance	120,000	80,218	66.85%	39,782	-	-	0.00%	-	120,000	80,218	66.85%	39,782
Legal Expense - General	-	45,061	0.00%	(45,061)	-	-	0.00%	-	-	45,061	0.00%	(45,061)
Utilities	45,756	36,854	80.55%	8,902	-	-	0.00%	-	45,756	36,854	80.55%	8,902
Telephone Expense	24,815	26,217	105.65%	(1,402)	-	-	0.00%	-	24,815	26,217	105.65%	(1,402)
Office Supplies	76,957	30,664	39.85%	46,293	-	-	0.00%	-	76,957	30,664	39.85%	46,293
Employee Incentives & Awards	20,500	12,701	61.96%	7,799	-	-	0.00%	-	20,500	12,701	61.96%	7,799
Postage	4,510	4,004	88.79%	506	-	-	0.00%	-	4,510	4,004	88.79%	506
Dues & Subscriptions	123,422	84,602	68.55%	38,820	-	-	0.00%	-	123,422	84,602	68.55%	38,820
Budget Preparation	14,595	5,233	35.85%	9,362	14,595	5,233	35.85%	9,362	-	-	0.00%	-
Lease office equipment	24,877	33,567	134.93%	(8,690)	-	-	0.00%	-	24,877	33,567	134.93%	(8,690)
Vehicle & Equipment Acquisition	364,439	23,490	6.45%	340,949	-	-	0.00%	-	364,439	23,490	6.45%	340,949
Admin Reimb - GM Fund	(208,282)	(156,964)	75.36%	(208,282)	-	-	0.00%	-	(208,282)	(156,964)	75.36%	(51,318)

TOTAL EXPENSES: ADMINISTRATION	\$ 2,496,778	\$ 1,771,849	71.0%	\$ 567,965	\$ 895,976	\$ 770,701	86.0%	\$ 125,275	\$ 1,600,802	\$ 1,001,148	62.5%	\$ 599,653
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Administration Total Allocated out

O&M	91%	1,325,595
GM	9%	122,300

BUDGET ITEM	FYE 9/30/20 BUDGET AMT	CURRENT YTD FWA	PROJECTED REMAINING	CURRENT YTD NON-LABOR
CARRY OVER ITEMS FY 2019				
Vehicles				
Crane: (\$160K from FY2019 + \$50K)	210,000	202,000	8,000	n/a
TOTAL CARRY OVER ITEMS FY 2019	210,000	202,000	8,000	n/a

Friant Water Authority
Budget vs Actual Expenses
YTD - 09/30/2020

Budget year: **100.0%** Completed

	Total				Labor				Materials			
	Annual Budget	YTD Actual	% Of Bud	Projected Remaining	Budget	YTD Actual	Projected Remaining	Budget	YTD Actual	Projected Remaining		
GENERAL MEMBERSHIP												
Employee Benefit (Holiday)	\$ -	\$ 30,096	n/a	n/a		\$ 30,096	n/a	n/a	\$ -	n/a	n/a	
Employee Benefit (Sick Pay)	-	9,228	n/a	n/a		5,907	n/a	n/a	3,320	n/a	n/a	
Employee Benefit (Vacation)	-	63,552	n/a	n/a		56,241	n/a	n/a	7,310	n/a	n/a	
Travel	-	20,885	n/a	n/a		-	n/a	n/a	20,885	n/a	n/a	
Employee Retirement - OC Maint	-	78,493	n/a	n/a		-	n/a	n/a	78,493	n/a	n/a	
Retirement Administration	-	5,277	n/a	n/a		-	n/a	n/a	5,277	n/a	n/a	
Medical & Disability Insurance - OC Maint	-	48,236	n/a	n/a		-	n/a	n/a	48,236	n/a	n/a	
Payroll Taxes	-	8,077	n/a	n/a		-	n/a	n/a	8,077	n/a	n/a	
Utilities	-	2,668	n/a	n/a		-	n/a	n/a	2,668	n/a	n/a	
City of Fresno vs USA (JDA)	-	7,625	n/a	n/a		-	n/a	n/a	7,625	n/a	n/a	
GM Administrative Costs	-	241,040	n/a	n/a		111,622	n/a	n/a	129,418	n/a	n/a	
Administration Allocation	-	153,556	n/a	n/a		-	n/a	n/a	153,556	n/a	n/a	
Water Supply Mgmt - General Implementation	-	17,749	n/a	n/a		16,707	n/a	n/a	1,042	n/a	n/a	
Friant Supply, Tracking, Policies & Defense	-	13,872	n/a	n/a		7,636	n/a	n/a	6,236	n/a	n/a	
Delta Supply, Tracking, Policies & Defense	-	378,200	n/a	n/a		32,641	n/a	n/a	345,559	n/a	n/a	
San Joaquin Settlement	-	92,000	n/a	n/a		16,725	n/a	n/a	75,275	n/a	n/a	
Reconsultation (CVP/SWP LTO)	-	1,717	n/a	n/a		1,672	n/a	n/a	45	n/a	n/a	
Friant Sustainability Plan - Meals	-	317	n/a	n/a		123	n/a	n/a	193	n/a	n/a	
SJV Blue Print	-	58,575	n/a	n/a		29,422	n/a	n/a	29,153	n/a	n/a	
Upstream Storage	-	56,177	n/a	n/a		2,870	n/a	n/a	53,307	n/a	n/a	
Temperance Flat Reservoir Authority	-	691	n/a	n/a		-	n/a	n/a	691	n/a	n/a	
Special Projects	-	1,627	n/a	n/a		1,364	n/a	n/a	263	n/a	n/a	
NASA Airborne Snow Observatory	-	12,734	n/a	n/a		4,093	n/a	n/a	8,641	n/a	n/a	
Organization & Governance	-	13,580	n/a	n/a		13,152	n/a	n/a	428	n/a	n/a	
Annual Strategic Planning - Hotel	-	835	n/a	n/a		227	n/a	n/a	609	n/a	n/a	
Friant Member & Grower Coordination	-	55,417	n/a	n/a		11,515	n/a	n/a	43,902	n/a	n/a	
Grants & Funding Development - Hotel	-	1,340	n/a	n/a		1,195	n/a	n/a	144	n/a	n/a	
Outreach & Engagement	-	97,550	n/a	n/a		54,605	n/a	n/a	42,945	n/a	n/a	
Legislative Affairs	-	105,003	n/a	n/a		36,848	n/a	n/a	68,155	n/a	n/a	
State Regulatory Affairs	-	75,319	n/a	n/a		2,524	n/a	n/a	72,794	n/a	n/a	
External Affairs	-	153,813	n/a	n/a		48,558	n/a	n/a	105,256	n/a	n/a	
Communications & Media Relations	-	29,577	n/a	n/a		25,646	n/a	n/a	3,931	n/a	n/a	
TOTAL EXPENSES: GENERAL MEMBERSHIP	\$ -	\$ 1,834,823	n/a	\$ -	\$ -	\$ 511,388	n/a	\$ -	\$ -	\$ 1,323,435	n/a	\$ -

General Membership Summary

Outside Legal Consultants	309,500	421,912	(112,412)	136%
Other Consultants				
Resources Consulting	91,000	30,612	60,388	34%
Steve Ottemoeller	27,000	29,702	(2,702)	110%
Biologist	35,000	1,325	33,675	4%
Kan Ventures	65,500	73,881	(8,381)	113%
WDC Lobbyist	43,000	22,903	20,097	53%
Sacramento Lobbyist	40,000	25,353	14,647	63%
Public Relations Consultant	40,500	19,025	21,475	47%
CDTFA - State Water Res. Control E	52,000	48,374	3,626	93%
Family Farm Alliance	15,000	15,000	-	100%
CVPWA dues	44,000	48,514	(4,514)	110%
SJV Blueprint	15,000	15,000	-	100%
Science Funding	50,000	-	50,000	0%
Temperance Flat Reservoir Authority	35,000	50,000	(15,000)	143%
Total Other Consultants	553,000	379,689	173,311	69%
Other Supplies & Services	295,500	200,388	95,112	68%
General Counsel	10,000	14,508	(4,508)	145%
Staff Payroll & Benefits	736,000	662,103	73,897	90%
Admin Allocation	210,000	156,224	53,776	74%
Total GM	2,114,000	1,834,823	279,177	87%

FRIANT WATER AUTHORITY

CASH ACTIVITY BALANCE MONTH ENDING SEPTEMBER 30, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
FKC Operations & Maintenance	\$ 6,002,983	\$ 2,096,280	\$ (1,343,013)	\$ 6,756,250
SLDMWA	\$ 1,815,350	\$ 1,435,167	\$ (842,532)	\$ 2,407,985
Total	\$ 7,818,333	\$ 3,531,448	\$ (2,185,545)	\$ 9,164,235
General Member	\$ 626,683	\$ -	\$ (217,221)	\$ 409,462
			Total	\$ 9,573,697

BANK ACTIVITY BALANCE MONTH ENDING SEPTEMBER 30, 2020

Local Agency Investment Fund	\$ 8,578,161	\$ 1,015,487	\$ (100,000)	\$ 9,493,648
Bank of the Sierra	\$ (133,146)	\$ 2,515,961	\$ (2,302,766)	\$ 80,049
			Total	\$ 9,573,697

NOTE: Cash on deposit with LAIF represents the consolidation of available balances held by all FWA funds. Most Current Interest Rate: For month ended September 30, 2020, effective yield, 0.685%
Total LAIF fund as of September 30, 2020: \$32,360,412,761.18
The Authority's investments are in compliance with its Statement of Investment Policy dated July 22, 2004.
Management believes it is fully able to meet its expenditure requirements for the next six months.

**FRIANT WATER AUTHORITY
O&M FUND
CASH ACTIVITY REPORT
MONTH ENDING SEPTEMBER 30, 2020**

	<u>Checking & Investments</u>	<u>Payroll Checking</u>	<u>Petty Cash</u>	<u>Total</u>
CASH BALANCE AUGUST 31, 2020	\$ 7,817,532	\$ -	\$ 801	\$ 7,818,333
Increases:				
District O&M receipts	1,686,509			1,686,509
SLDMWA receipts	1,415,334			1,415,334
Interest from Bank of Sierra	84			84
Miscellaneous deposits	25,277			25,277
Other Funds:				-
Administration Allocation	740			740
Payroll deposits		403,504		403,504
Total Increases	3,127,944	403,504	-	3,531,448
Decreases:				
O&M Expenditures	297,052			297,052
Pump Back Project Expenditures	6,204			6,204
Subsidence Project Expenditures	89,952			89,952
Wire to SLDMWA (WY2020)	822,699			822,699
PID-Recapture of restoration flows	113,400			113,400
Retirement Matching	49,181			49,181
Bank charges	50			50
Payroll Cash Outlays	403,504	403,504		807,007
Total Decreases	1,782,042	403,504	-	2,185,545
CASH BALANCE BEFORE INTERFUND ACTIVITY	9,163,434	-	801	9,164,235
Interfund transfer from O&M	-			-
CASH BALANCE SEPTEMBER 30, 2020	\$ 9,163,434	\$ -	\$ 801	\$ 9,164,235

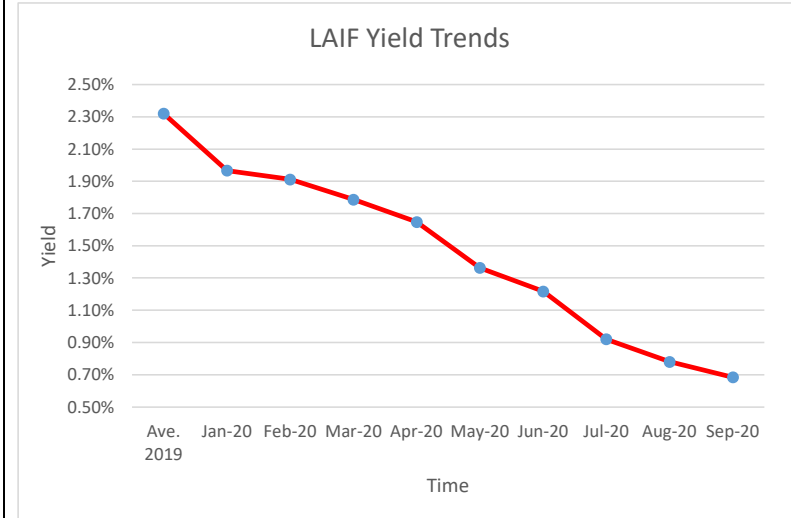
**FRIANT WATER AUTHORITY
GENERAL MEMBERS FUND
CASH ACTIVITY REPORT
MONTH ENDING SEPTEMBER 30, 2020**

CASH BALANCE AUGUST 31, 2020		\$ 626,683
Increases:		
Member Assessments	-	
Total Cash Receipts	-	\$ -
Decreases:		
Conference Calls - service	29	
Consulting	20,885	
Meetings	1,475	
Professional Services	131,453	
Rent & Facility Expense	6,030	
Office Supplies	132	
Other Payroll Benefits	8,749	
Reimburse O&M:		
Current Month Payroll & Benefits	92,480	
Current Month Payroll & Benefits to O&M	(44,753)	
Administration Allocation	740	
Less Total Cash Disbursements	217,221	\$ 217,221
CASH BALANCE BEFORE INTERFUND ACTIVITY		\$ 409,462
Interfund transfer from O&M		\$ -
CASH BALANCE SEPTEMBER 30, 2020		\$ 409,462

FRIANT WATER AUTHORITY
MONTH ENDING SEPTEMBER 30, 2020
CASH ACTIVITY REPORT
LOCAL AGENCY INVESTMENT FUND (L.A.I.F.)
(FUNDS ON DEPOSIT WITH STATE OF CALIFORNIA)
CASH ACTIVITY REPORT

CASH BALANCE AUGUST 31, 2020		\$	<u>8,578,161</u>
Increases:			
Transfer from checking		\$	1,000,000
Interest earned		\$	15,487
		\$	<u>1,015,487</u>
Decreases:			
Transfer to checking		\$	<u>100,000</u>
CASH BALANCE SEPTEMBER 30, 2020		\$	<u><u>9,493,648</u></u>
Balance ascribed to:			
O&M Fund		\$	9,087,610
General Member Fund		\$	406,038
		\$	<u><u>9,493,648</u></u>

NOTE: Cash on deposit with LAIF represents the consolidation of available balances held by all FWA funds. Most Current Interest Rate: For month ended September 30, 2020, effective yield, 0.685%
Total LAIF fund as of September 30, 2020: \$32,360,412,761.18
The Authority's investments are in compliance with its Statement of Investment Policy dated July 22, 2004.
Management believes it is fully able to meet its expenditure requirements for the next six months.



Ave. 2019	2.32%
Jan-20	1.97%
Feb-20	1.91%
Mar-20	1.79%
Apr-20	1.65%
May-20	1.36%
Jun-20	1.22%
Jul-20	0.92%
Aug-20	0.78%
Sep-20	0.69%

**CASH RECONCILIATION-ESTIMATED
SEPTEMBER 30, 2019**

	<u>O&M</u>	<u>SLDMWA</u>	<u>General Membership</u>	<u>Temperance Flat</u>		<u>Grand Totals</u>
				<u>MOU</u>	<u>Reservoir</u>	
CASH BALANCE SEPTEMBER 30, 2019	\$3,773,688	\$2,706,854	\$205,631	\$697,368	\$0	\$7,383,542
Conveyance Fee Reserve		(3,000,000)				(3,000,000)
Emergency Cost Reserve	(1,112,714)					(1,112,714)
Insurance Reserve	(100,000)					(100,000)
Restricted Use Funds				0		0
2018 Refund to Members (estimate)	(1,444,044)					(1,444,044)
FY 2019 Interest Earned		(32,631)				(32,631)
Accounts Receivable	211,131	325,777	7,975			544,884
Accounts Payables	(1,791,453)		(108,656)			(1,900,109)
Subsidence Grant Monies Due	780,200					780,200
FY2020 Deferrals	(1,254,452)					(1,254,452)
	(\$937,644)	\$0	\$104,950	\$697,368	\$0	(\$135,325)

Note: before FY2019 refund

DATE: October 22, 2020

TO: Board of Directors

FROM: Donald M. Davis, General Counsel

SUBJECT: **Resolution 2020-03 Certifying the Final Environmental Impact Report for the Middle Reach Capacity Correction Project and Related Actions and Approvals**

SUMMARY:

FWA and Reclamation have prepared a joint Environmental Impact Statement/Environmental Impact Report (EIS/R) to satisfy each agency’s respective obligations under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). A Draft EIS/R was publicly released on May 6, 2020 and the Final EIS/R was publicly released on September 18, 2020. As the lead agency under CEQA for the FKC Middle Reach Capacity Correction Project (Project), FWA is required to certify the Final EIS/R before it may approve proceeding with the Project. Because the Final EIS/R includes mitigation measures that mitigate or avoid most of the potentially significant environmental impacts of the Project, a “Findings” document must be approved, and because there are significant and unavoidable impacts identified in the Final EIS/R, a “Statement of Overriding Considerations” that describes the economic, legal, social, technological, and other benefits of the Project that the Board finds outweigh the Project’s unavoidable significant environmental impacts must also be adopted. The other related actions encompassed in proposed Resolution 2020-03 include selecting the Canal Enlargement and Realignment alternative as the Project to be implemented and formally approving the Project and directing staff to undertake the actions necessary to cause the Project to be implemented.

RECOMMENDED ACTION(S):

The Board should: (1) Receive the staff report and the presentation on the Final EIS/R from Stantec and ask any questions; (2) Open the Public Hearing, take comments, and close the Public Hearing; and (3) Move to adopt Resolution 2020-03.

SUGGESTED MOTION:

“I move that the Board adopt Resolution 2020-3.”

DISCUSSION:

Prior to approval of a project that may potentially have significant environmental impacts, CEQA requires the preparation of an Environmental Impact Report. In this case, because Project approvals are needed from Reclamation and FWA, a joint Environmental Impact Statement/Environmental Impact Report (EIS/R) was prepared. Although NEPA and CEQA have differing requirements, CEQA encourages the preparation of a joint document, and the purposes of the two acts are very similar.

As stated in Section 15002 of the State CEQA Guidelines, the basic purposes of CEQA are to: (1) inform governmental decision makers and the public about the potential significant environmental effects of a project; (2) identify ways that environmental damage can be avoided or significantly reduced; (3) prevent significant, avoidable damage to the environment by requiring changes to a project or the imposition of feasible mitigation measures; and (4) disclose to the public the reasons why the agency approved the project if significant environmental effects are involved.

Working collaboratively, the FWA and Reclamation environmental teams have prepared for the Board's consideration a Final EIS/R, including Findings, a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program (MMRP) that satisfies all of these basic CEQA purposes. Indeed, as detailed in the Final EIS/R, the Canal Enlargement and Realignment alternative is not only environmentally superior in terms of having fewer impacts than the Canal Enlargement alternative, but the three significant and unavoidable impacts identified (Cultural [alterations of the historic FKC], Agricultural Resources [loss of farmland due to the need for additional right of way], and Transportation [delays in emergency response times]) are relatively minor given the size and scope of the Project.

As detailed in the Final EIS/R, the public and other interested governmental agencies were provided multiple opportunities to participate in the preparation of the EIS/R, but only a small number of formal comments were submitted (less than 20). Staff believes this is a testament to general public support for the Project as well as the limited number of significant unmitigated environmental impacts resulting from the proposed Project.

As detailed in the proposed Statement of Overriding Considerations, the following Project benefits have been identified, and which for the reasons stated, outweigh the Project's significant unmitigated environmental impacts. Those benefits are as follows:

1. The Project will help ensure the delivery of available Central Valley Project water supplies to Friant Division Contractors and the customers that they serve.
2. The Project will help provide additional opportunities to convey water supplies for other users through exchanges and transfers.
3. The Project will restore capacity to convey short-term flood flows and therefore provide greater protection to the region from such flood flows.
4. The Project will help reduce demands on groundwater supplies and therefore help limit or avoid additional land subsidence.

5. The Project will help protect and promote the regional and state economy.
6. The Project's restoration of capacity by continuing the use of gravity conveyance avoids reliance on additional mechanical facilities such as pump stations and the associated energy demands.

BUDGET IMPACT:

The adoption of Resolution 2020-3 will not directly result in any new budget impacts.

ATTACHMENTS:

Resolution 2020-3, including Exhibit A (Findings and Statement of Overriding Considerations) and Exhibit B (Mitigation Monitoring and Reporting Program) can be accessed here:

<https://www.dropbox.com/sh/engn71rz5jm3aar/AADQP-xpUg9SHYseqLCf0FWka?dl=0>

A full copy of the Final EIS/R is available on Reclamation's website at:

https://www.usbr.gov/mp/nepa/nepa_project_details.php?Project_ID=41341; and a copy of the Final EIS/R (without the appendices due to size limits) is available on FWA's website at:

<https://friantwater.org/projects>

RESOLUTION No. 2020-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FRIANT WATER AUTHORITY CERTIFYING THE FINAL ENVIRONMENTAL IMPACT STATEMENT/REPORT, ADOPTING CEQA FINDINGS OF FACT AND A STATEMENT OF OVERRIDING CONSIDERATIONS, ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM, APPROVING THE CANAL ENLARGEMENT AND REALIGNMENT PROJECT ALTERNATIVE, AND APPROVING THE IMPLEMENTATION OF THE FRIANT-KERN CANAL MIDDLE REACH CAPACITY CORRECTION PROJECT

THE BOARD OF DIRECTORS OF THE FRIANT WATER AUTHORITY RESOLVES AS FOLLOWS:

SECTION 1. Findings. The Board of Directors finds as follows:

A. The United States Bureau of Reclamation constructed and owns the facilities of the Friant Division of the Central Valley Project (“CVP”), including the Friant Dam and the Friant-Kern Canal (“Canal” or “FKC”) which conveys water from Millerton Lake to municipalities and water districts (collectively “Friant Division Contractors”) along the 152-mile length of the Canal.

B. The Friant Division Contractors, through their own facilities, provide CVP water to communities and thousands of family farms which irrigate more than one million acres of highly productive and economically vital farmland.

C. Since 1986, the Friant Water Authority (“FWA”) and its predecessors have operated and maintained certain Friant Division facilities, including the FKC, on behalf of the United States, and since 1998 such operations, maintenance and replacement (“OM&R”) obligations have been governed by that certain Agreement to Transfer the Operations, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works (Contract No. 8-07-20-X0356-X) (“Transfer Agreement”), which FWA and Reclamation recently renewed effective October 5, 2020 for an additional term of 35 years.

D. Regional groundwater pumping in the vicinity of the FKC has caused the Canal to subside 12 feet below its original design elevation in certain areas. In the 1970s and 1980s, Reclamation made repairs to segments of the FKC to address conveyance capacity restrictions that had resulted from subsidence. Since then, the “Middle Reach” of the FKC (which extends for approximately 33 miles from mile post (MP) 88 to MP 121.5 has experienced additional, substantial reduction in conveyance capacity due to continuing subsidence.

E. Because of its “gravity” design, subsidence along with original design deficiencies has caused the FKC’s conveyance capacity to be reduced by more than 50% of its original capacity (from 4,000 cfs to approximately 1,650 cfs) in the Middle Reach.

F. FWA estimates that this constriction in the Canal can annually preclude the delivery of up to several hundred thousand acre-feet of water to Friant Division Contractors below the constrictions during a wet year, which in turn threatens the continued viability of tens of thousands of acres of Central Valley farmland served by Friant Division Contractors.

G. The reduced conveyance capacity also negatively impacts Friant Division Contractors above the constricted areas of the Canal, because it limits opportunities for water transfers or exchanges, and the cost sharing methodology to maintain the Canal is largely allocated based on the amount of actual deliveries of water, so as Contractors at the lower end of the Canal involuntarily lose water supplies, the Contractors above the constricted areas of the Canal have to pay a greater share of OM&R costs.

H. In recognition that restoring capacity to the Middle Reach of the FKC is necessary for the OM&R of the facility, Reclamation and FWA have initiated actions with respect to the design and environmental review of a project referred to as the Friant-Kern Canal Middle Reach Capacity Correction Project (“Project”).

I. Because the proposed Project requires approvals from Reclamation and FWA, which approvals require prior environmental review, Reclamation is acting as the lead agency for such review under the National Environmental Policy Act (“NEPA”) and FWA is serving as the lead agency under the California Environmental Quality Act (“CEQA”, Public Resources Code sections 21000 and following).

J. FWA retained the consulting firm Stantec to assist in the preparation of the environmental documents necessary for approval of the Project under CEQA.

K. An Environmental Assessment/Initial Study (EA/IS) was prepared pursuant to the requirements of CEQA, and the State CEQA Guidelines (Title 14 of the California Code of Regulations, sections 15000 and following). The EA/IS found that the Project could potentially have a significant impact on the environment and therefore required the preparation of an Environmental Impact Report (EIR). A copy of the EA/IS is included as part of the Final EIR.

L. As encouraged under CEQA when a project requires local and federal approvals, FWA and Reclamation agreed to prepare a joint Environmental Impact Statement/Environmental Impact Report (“EIS/R”) for the Project.

M. On December 2, 2019, FWA issued a Notice of Preparation (“NOP”) that an EIS/R would be prepared for the Project. The NOP describes the proposed Project, the location, and the anticipated impacts sufficiently to permit a meaningful review and response. The NOP was available for public review from December 3, 2019 through January 2, 2020, and solicited comments regarding the scope and content of the EIS/R, the EA/IS, and the environmental information relevant to the Project. A copy of the NOP, together with comments received, is part of the Final EIS/R.

N. On December 18, 2019, a public scoping meeting was held for the EIS/R.

O. On May 6, 2020, FWA issued a Notice of Completion/Notice of Availability (“NOA”) of the Draft EIS/R. The NOA was published on the California State Clearinghouse website (<https://ceganet.opr.ca.gov/2019120007/3>), Friant’s website (<https://friantwater.org/projects>), the Porterville Recorder, the Visalia Times, and in the Federal Register. Copies of the NOA and the Draft EIS/R were distributed to the public agencies and other interested parties as shown on the distribution list included in the Draft EIS/R and attached to the NOA. Additionally, the Draft EIS/R was distributed to responsible and interested state agencies through the State Clearinghouse; State Clearinghouse No. 2019120007.

P. On May 6, 2020, the Draft EIS/R was made available for public review and comment pursuant to CEQA Guidelines section 15087. The public review period lasted from May 7, 2020 to June 22, 2020. A public meeting was held on June 8, 2020 to accept comments on the Draft EIS/R. Copies of the Draft EIS/R were made available for the public online at Friant's website (<https://friantwater.org/projects>), Reclamation's website (https://www.usbr.gov/mp/nepa/nepa_project_details.php?Project_ID=41341), and hard copies were made available for review at Friant's Lindsay Office (854 N. Harvard Ave.), and at the Porterville City Clerk's Office (291 N. Main St. Porterville, CA 93257).

Q. FWA and Reclamation responded in writing to comments on the Draft EIS/R in the Response to Comments on Draft EIS/R, which is part of the Final EIS/R (Appendix L).

R. A full copy of the Final EIS/R was posted on Reclamation's website on September 18, 2020 at: https://www.usbr.gov/mp/nepa/nepa_project_details.php?Project_ID=41341; a copy of the Final EIS/R (without the appendices due to size limits) was also posted on FWA's website on September 18, 2020 at: <https://friantwater.org/projects>; and responses to comments received from responsible and trustee agencies were provided directly to those agencies on September 18, 2020.

S. The Board conducted a duly noticed public hearing on the Final EIS/R on October 22, 2020. All interested parties were given full opportunity to be heard and to present evidence regarding the Final EIS/R and related actions and approvals.

T. The Final EIS/R identifies the potential for significant impacts on the environment from implementation of the Project, most of which can be substantially reduced through the EIR mitigation measures; therefore, approval of the Project must include CEQA "Findings" as set forth in the CEQA Findings of Fact and Statement of Overriding Considerations attached as Exhibit A.

U. Certain potential significant impacts identified in the Final EIS/R cannot be lessened to a level of less than significant; therefore, approval of the Project must include a "Statement of Overriding Considerations" as set forth in the attached Exhibit A.

V. The Project's Mitigation Monitoring and Reporting Program ("MMRP"), as required by CEQA, is attached as Exhibit B.

W. All documents and files which constitute the record of proceedings upon which the certification of the Final EIS/R and related actions to approve the Project are based are on the file in the office of the Chief Operations Officer of the Friant Water Authority at its office at 854 N Harvard Avenue, Lindsay, California, 93247.

SECTION 2. Certification of Final EIS/R. The Board of Directors certifies the Final EIR as follows:

A. Based on the evidence and oral and written testimony presented at the public hearing including staff reports, and based on all the information contained in FWA's files on the Project (including those of its environmental consultant, Stantec), including but not limited to, the Final EIS/R for the Project (a copy of which is on file at FWA's Lindsay office), the Board certifies in accordance with State CEQA Guidelines section 15090 that:

1. The Final EIS/R for the Project was prepared in compliance with CEQA and the State CEQA Guidelines.
2. The Final EIS/R was presented to the Board of Directors and that the Board has reviewed and considered the information contained in the Final EIS/R prior to approving the Project.
3. The Final EIS/R adequately describes the Project, its environmental impacts, and reasonable alternatives. Potentially significant impacts have been identified and mitigation measures have been incorporated that will reduce impacts to a level which will not cause a significant impact on the environment, with the exception of those potentially significant impacts included in the Statement of Overriding Considerations.
4. The Final EIS/R reflects the independent judgment and analysis of the Board of Directors of the Friant Water Authority.

SECTION 3. Adoption of Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program. The Board of Directors approves, adopts and imposes the following with respect to the Project:

A. The **Findings** pursuant to State CEQA Guidelines sections 15091 and 15126.6, as set forth in the attached Exhibit A. The Findings describe the mitigation measures that mitigate or avoid most of the potentially significant environmental impacts of the Project.

B. A **Statement of Overriding Considerations**, as set forth in the attached Exhibit A. The Statement of Overriding Considerations is adopted because there are significant and unavoidable impacts identified in the Final EIS/R. The Statement of Overriding Considerations describes the economic, legal, social, technological, and other benefits of the Project that the Board finds outweigh the Project's unavoidable significant environmental impacts.

C. The **Mitigation Monitoring and Reporting Program (MMRP)**, as set forth in the attached Exhibit B. Potentially significant impacts have been identified and mitigation measures have been incorporated into the Project that will reduce impacts to a level which will not cause a significant impact on the environment, with the exception of those significant impacts included in the Statement of Overriding Considerations.

SECTION 4. Approval of the Canal Enlargement and Realignment Alternative as the Project. The Board of Directors approves the Canal Enlargement and Realignment alternative described in the Final EIS/R as the Project to be implemented.

SECTION 5. Approval of Implementation of the Project. The Board of Directors approves the Project and directs FWA staff to proceed with all necessary actions to implement the Project. Such implementation actions include, but are not limited to, preparation of Project plans and specification to the 100% design level and the solicitation of contractors to construct the Project. As applicable, such actions will include the mitigation measures listed in the Final EIS/R and MMRP as conditions to carry out the Project.

SECTION 6. Filing of a Notice of Determination. The Board of Directors directs FWA staff to cause to be filed with the respective clerks of Tulare and Kern Counties and the Office of Planning and Research in Sacramento a Notice of Determination in accordance with CEQA.

SECTION 7. Effective Date. This Resolution will take effect upon adoption.

APPROVED AND ADOPTED on October 22, 2020.

Chris Tantau, Chair of the Board of Directors

ATTEST:

Cliff Loeffler, Secretary of the Board

DATE: October 22, 2020

TO: Board of Directors

THROUGH: Jason Phillips, Chief Executive Officer

FROM: Donald M. Davis, Chief Operating Officer; Brian Thomas, PFM

SUBJECT: Authorization to Enter into a Funding Agreement with the San Luis & Delta-Mendota Water Authority for the Jones Pumping Plant Rewind Project

SUMMARY:

San Luis & Delta-Mendota Water Authority (SLDMWA) is in the process of rewinding the six pumps at the Jones Pumping Plant (JPP). Two pumps have previously been completed; the first pump was financed by the Bureau of Reclamation (Reclamation) on a 15-year repayment term in FY 2018. The second pump was self-funded through the OM&R Budget in FY 2019. SLDMWA has executed a second Repayment Contract with Reclamation to fund the two remaining units to be funded by Reclamation. SLDMWA needs to secure additional funding for the remaining two units (units four and five).

The rewind of these two units is estimated to cost a total of \$12.3 million, including construction and SLDMWA labor, Reclamation costs, project management costs and contingency. SLDMWA intends to issue a Public Bond to fund the rewind of these two units.

At the September Board meeting, contractors expressed a desire to prepay FWA's allocated share of the project in order to avoid financing and interest costs resulting from the Public Bond. Under the MOU between SLDMWA and FWA, the approximately 40% share of this OM&R cost for Friant Division contractors would be approximately \$4.9 M.

Following the September Board meeting, FWA staff and consultants met with representatives of SLDMWA and negotiated the attached draft Term Sheet for a Funding Agreement outlining the terms of FWA's payment obligations for the rewind costs of these two units. The parties are generally in agreement regarding these terms, although we understand that SLDMWA is contending that Friant Division contractors should pay an additional amount on the grounds that the smaller borrowing by SLDMWA (i.e., \$7.4 M rather than \$12.3 M) may result in additional interest costs and other charges to the SLDMWA contractors who are not prepaying, and that FWA should pay a share of this cost estimated at \$340,000 over 25 years.

As FWA staff believes this one open issue can be addressed through further negotiation, staff is seeking authorization to proceed with execution of the Funding Agreement that incorporates the proposed terms and such additional reasonable terms that may be negotiated consistent with Board direction.

RECOMMENDED ACTION:

That the Board authorize the CEO on behalf of FWA to enter into a Funding Agreement with SLDMWA for the two units of the Jones Pumping Plant Rewind Program consistent with the Term Sheet and such other reasonable terms as may be negotiated consistent with Board direction.

SUGGESTED MOTION:

I move that the Board authorize the CEO on behalf of FWA to enter into a Funding Agreement with SLDMWA for the two units of the Jones Pumping Plant Rewind Program consistent with the Term Sheet and such other reasonable terms as may be negotiated consistent with Board direction

ATTACHMENT: None

Agenda Report

No. 14.B

DATE: October 22, 2020
TO: Board of Directors
FROM: Finance Committee; Don Willard, Business Administration Manager
SUBJECT: Fiscal Year 2018 Financial Statements and Audit Report Acceptance

SUMMARY:

The Friant Water Authority Financial Statements and Supplemental Data for the Fiscal Year ended September 30, 2018 are attached. Cuttone & Maestro, Certified Public Accountants, performed the audit of the Financial Statements and have expressed the opinion that the Financial Statements present fairly, in all material respects, the financial position of the Friant Water Authority.

FINANCE COMMITTEE ACTION:

The Finance Committee reviewed 2018 Fiscal Year Financial Statements and Audit Report and recommend acceptance of the Statements and Report.

RECOMMENDED ACTION:

The Finance Committee recommends acceptance of the 2018 Fiscal Year Financial Statements and Audit Report.

SUGGESTED MOTION:

The Board of Directors accept of the 2018 Fiscal Year Financial Statements and Audit Report.

BUDGET IMPACT:

There is no impact to the budget

ATTACHMENTS:

Friant Water Authority 2018 Fiscal Year Financial Statements & Audit Report



FRIANT WATER AUTHORITY

Financial Statements

And Supplemental Data

Fiscal Year Ended

September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Friant Water Authority
Lindsay, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Friant Water Authority, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Friant Water Authority, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

7543 North Ingram, Suite 102
Fresno, California 93711
phone 559-261-4300 fax 559-261-4301

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Friant Water Authority's basic financial statements. The Statement of Revenues and Expenses, Budget and Actual, Enterprise Fund – O&M Fund on pages 35-38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the Schedule of Expenditures of Federal Awards on page 43 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Statement of Revenues and Expenses, Budget and Actual, Enterprise Fund – O&M Fund and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Statement of Revenues and Expenses, Budget and Actual, Enterprise Fund – O&M Fund and the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2020, on our consideration of the Friant Water Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Friant Water Authority's internal control over financial reporting and compliance.



Fresno, California
October 13, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis is the result of Friant Water Authority (Authority) implementing Governmental Accounting Standards Board (GASB) Statement No. 34. GASB No. 34 establishes financial reporting standards for state and local governments, including special districts such as the Authority. Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2018. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which begin on page 9, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by \$639,134 as a result of this year's operations. Net position of our business-type activities decreased by \$263,441, while net position of our governmental activities decreased by \$375,693.
- For the year, the Authority's governmental activities total expenditures of \$3,031,262 (see page 6, "Changes in Net Position") exceeded revenues by \$375,693. Last year, the expenditures exceeded revenues by \$20,232.
- In the Authority's business-type activities, the total expenses were \$21,482,271 (see page 6, "Changes in Net Position"). The expenditures exceeded revenues by \$263,441. Last year, the revenues exceeded expenses by \$173,954. The Authority had a \$1,444,043 payable representing a refund due to Friant water service contractors on September 30th consisting of Friant-Kern Canal revenues in excess of costs and San Luis & Delta Mendota Water Authority (SLDMWA) interest revenue.
- Total cost (expenditures/expenses) of the Authority's programs for the year increased from last year by \$8,939,221 (57.4 percent).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10-11 respectively) provide information about the activities of the Authority as a whole. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Authority as a whole begins on page 5. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question.

The statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position—the difference between assets and liabilities—as one way to measure the Authority's financial health, or financial position. As a government entity, the Authority does not operate for profit but to implement programs and retain an appropriate level of reserves and working capital but over time, increases or decreases in the Authority's net position are one indicator of whether its financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the Authority into two kinds of activities:

- **Governmental activities**—Most of the Authority's basic services are reported here, including the cost of support of operations. General member districts provide the revenue.
- **Business-type activities**—Accounts for the activities of operation and maintenance (O&M) of the Friant-Kern Canal and its related systems, structures, and equipment. The Authority invoices water contractors for their share of the cost.

Reporting the Authority's Most Significant Funds

Fund Financial Statements

Our analysis of the Authority's major funds begins on page 7. The fund financial statements begin on page 12 and provide detailed information about the most significant funds as opposed to the Authority as a whole. The Authority's two kinds of funds—governmental and proprietary—use different accounting approaches.

- *Governmental funds*—Most of the Authority's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs.
- *Proprietary funds*—When the Authority charges districts for the O&M services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Authority's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE AUTHORITY AS A WHOLE

The Authority's combined net position from one year ago, decreased by \$639,134, from \$3,801,058 to \$3,161,924. Last year's net position increased by \$153,722. Looking at the net position of the governmental and business-type activities individually, however, provides a better understanding of how each activity impacts the combined net position. Our analysis that follows focuses separately on the net position and changes in net position of the Authority's governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 1,213,711	\$ 805,409	\$ 8,178,052	\$ 7,321,879	\$ 9,391,763	\$ 8,123,006
Capital assets	-	-	2,212,356	1,843,391	2,212,356	1,843,391
Total Assets	1,213,711	805,409	10,390,408	9,165,270	11,604,119	9,966,397
Liabilities						
Current liabilities	1,348,758	579,261	4,307,937	2,797,652	5,656,695	3,372,631
Long-term liabilities	34,612	20,114	188,296	187,615	222,908	207,729
Total Liabilities	1,383,370	599,375	4,496,233	2,985,267	5,879,603	3,580,360
Deferred Inflows of Resources						
Deferred receipts	-	-	2,562,592	2,584,979	2,562,592	2,584,979
Net Position						
Invested in capital assets	-	-	2,212,356	1,843,391	2,212,356	1,843,391
Restricted			1,212,714	1,006,334	1,212,714	1,006,334
Unrestricted	(169,659)	206,034	(93,487)	745,299	(263,146)	951,333
Total Net Position	\$ (169,659)	\$ 206,034	\$ 3,331,583	\$ 3,595,024	\$ 3,161,924	\$ 3,801,058

Net position of the Authority's governmental activities decreased from \$206,034 in 2017 to a negative \$169,659 in 2018. The decrease is due to expenditures for the fiscal year being more than originally anticipated.

The net position of our business-type activities decreased from \$3,595,024 in 2017 to \$3,331,583 in 2018. Any change in net position is primarily affected by the Authority's policy to refund any revenues

in excess of costs after taking into account necessary reserve balances and cash flow adjustments (see Notes, page 24, 'O&M Revenue Refunds').

The refund amount due to Friant Division Contractors as of FYE 2017 is \$1,444,043 due to savings from budgeted projects and purchases, special projects carried over to fiscal year 2018 and revenues collected principally from temporary contract water deliveries. Required changes in restricted and unrestricted reserves and accumulated interest revenue earned on SLDMWA reserve amounts were also included in the refund analysis.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Membership assessments	\$ 2,517,256	\$ 2,308,303	\$ -	\$ -	\$ 2,517,256	\$ 2,308,303
O&M charges	-	-	22,593,348	14,296,416	22,593,348	14,296,416
General/ Non-operating	<u>138,313</u>	<u>284,630</u>	<u>69,525</u>	<u>38,748</u>	<u>207,838</u>	<u>323,378</u>
Total Revenues	<u>2,655,569</u>	<u>2,592,933</u>	<u>22,662,873</u>	<u>14,335,164</u>	<u>25,318,442</u>	<u>16,928,097</u>
Expenditures/ Expenses						
General Member O&M	3,031,262	2,613,165	-	-	3,031,262	2,613,165
	<u>-</u>	<u>-</u>	<u>21,482,271</u>	<u>12,961,147</u>	<u>21,482,271</u>	<u>12,961,147</u>
Total Expenditures / Expenses	<u>3,031,262</u>	<u>2,613,165</u>	<u>21,842,271</u>	<u>12,961,147</u>	<u>24,513,533</u>	<u>15,574,312</u>
Special item – O&M revenue reimbursement	<u>-</u>	<u>-</u>	<u>(1,444,043)</u>	<u>(1,200,063)</u>	<u>(1,444,043)</u>	<u>(1,200,063)</u>
Change in net position	(375,693)	(20,232)	(263,441)	173,954	(639,134)	153,722
Net position (deficit) at beginning of year	<u>206,034</u>	<u>226,266</u>	<u>3,595,024</u>	<u>3,421,070</u>	<u>3,801,058</u>	<u>3,647,336</u>
Net position (deficit) at end of year	<u>\$ (169,659)</u>	<u>\$ 206,034</u>	<u>\$ 3,331,583</u>	<u>\$ 3,595,024</u>	<u>\$ 3,161,924</u>	<u>\$ 3,801,058</u>

The table above, Changes in Net Position, shows the Authority's total revenues for the year increased by \$8,390,345 (49.6 percent). The total cost of all activities increased by \$8,939,221 (57.4 percent). Net position decreased by \$639,134 and our analysis below separately considers the operations of

governmental and business-type activities and the primary reasons that led to this year's increase in net position.

Governmental Activities

Revenues for the governmental activities were higher in 2018 as compared to 2017 with total revenues increasing by \$62,636 or 2.4 percent. In 2018, increased revenues were collected in the General Fund for the increasing general member activities for continuation of the Strategic Plan.

Business-type Activities

Revenues of the Authority's business-type activities increased by 58.1 percent, \$22,662,873 (FYE 2018) compared to \$14,335,164 (FYE 2017). The business-type activities fluctuate from year to year based on the expenditures of the fund. The increase is attributed to a 125 percent increase of revenues collected for costs for delivery of exchange contractor water via SLDMWA for the year in large part due to the hydrology of FYE 18 versus FYE 17.

Temporary contract revenues for the delivery of non-project and 215 water experienced a 147.9 percent increase, \$638,916 (FYE 2018) compared to \$257,694 (FYE 2017). The hydrology for FYE 18 versus FYE 17 is the major factor that drives this result.

For the current fiscal year, these activities reported total expenses of \$21,482,271. The total expenses showed an increase of 68.5 percent compared to FYE 2017. The increase in expenses was primarily due the reasons noted in the revenue discussion above, expenses for the delivery of exchange contractor water via SLDMWA increased 125 percent for the year.

The Authority's Funds

The Authority's governmental fund balance (as presented in the Balance Sheet on page 12) is a negative \$169,659 at the end of the fiscal year 2018. This is a decrease from last year's total fund balance of \$375,693. The primary reason for the General Fund's decrease is highlighted under the Authority as a whole section on page 5.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's governmental fund had original budgeted expenditures of \$2,593,349 that were not amended during the year and actual expenditures were greater than final budgeted amounts. The Authority issued a final call-for-funds for \$601,000, which was the amount originally budgeted.

An annual budget is also adopted for the Enterprise – O&M Fund, on a GAAP basis. The Budget and Actual for the Enterprise – O&M Fund is in the supplementary information on pages 35-38. Formal budgetary integration is employed as a management control device during the year for the Enterprise - O&M Fund. Annually the board of directors approves, by resolution, budget appropriations for the fiscal year commencing the following October 1. Expenses are controlled by normal internal control processes and user rate reviews.

CAPITAL ASSETS

On September 30, 2018, the Authority had \$2,212,356 in net capital assets. The net capital assets increased by \$368,965 in 2018.

	Business-type Activities		Net Increase/ (Decrease)
	2018	2017	
Heavy Machinery & Light Vehicles	\$ 2,870,136	\$ 2,820,654	\$ 49,482
Tools and other equipment	2,359,497	2,371,006	(11,509)
Accumulated Depreciation	<u>(3,488,800)</u>	<u>(3,348,269)</u>	<u>(140,531)</u>
Construction-in-progress	<u>471,523</u>	<u> </u>	<u>471,523</u>
TOTALS	<u>\$ 2,212,356</u>	<u>\$ 1,843,391</u>	<u>\$ 368,965</u>

Additions consisted of trucks, computers, software, and various tools. Dispositions consisted of computers, tools and trucks sold at auction. The Construction in Progress represents the Authority's cost share portion, (project to date), of the Middle Reach Capacity Correction Project.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is to provide an overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Business Administration Manager at 854 N. Harvard Ave., Lindsay, CA 93247.

**FRIANT WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash investments	\$ 923,674	\$ 3,423,929	\$ 4,347,603
Restricted cash and cash investments	-	1,212,714	1,212,714
Interest receivable	6,735	24,128	30,863
Prepaid expenses	39,755	633,520	673,275
Security deposit paid	8,211	-	8,211
Accounts receivable (net)	190,737	2,928,360	3,119,097
Internal Balances	44,599	(44,599)	-
Net capital assets	-	2,212,356	2,212,356
Total Assets	<u>1,213,711</u>	<u>10,390,408</u>	<u>11,604,119</u>
LIABILITIES			
Accounts payable	360,478	2,535,743	2,896,221
Accounts payable - Temperance Flat MOU Group	923,504	-	923,504
Payroll liabilities	533	49,604	50,137
Taxes payable	-	1,004	1,004
O&M refund liability	-	1,444,043	1,444,043
Compensated absences:	-	-	-
Payable within one year	64,243	277,543	341,786
Payable in more than one year	34,612	188,296	222,908
Total Liabilities	<u>1,383,370</u>	<u>4,496,233</u>	<u>5,879,603</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred receipts for O&M cost recovery	-	2,174,388	2,174,388
Deferred receipts for SLDMWA expenses	-	388,204	388,204
Total Deferred Inflows of Resources	<u>-</u>	<u>2,562,592</u>	<u>2,562,592</u>
NET POSITION			
Invested in capital assets	-	2,212,356	2,212,356
Restricted	-	1,212,714	1,212,714
Unrestricted	(169,659)	(93,487)	(263,146)
Total Net Position	<u>\$ (169,659)</u>	<u>\$ 3,331,583</u>	<u>\$ 3,161,924</u>

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Program Activities</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>	
			<u>Charges for Services</u>	<u>Operating Grants and Assesments</u>
Governmental activities				
General Member activities	\$ 2,922,345	\$ 108,917	\$ -	\$ 2,636,801
Total governmental activities	<u>2,922,345</u>	<u>108,917</u>	<u>-</u>	<u>2,636,801</u>
Business-type activities				
O&M activities	<u>21,591,188</u>	<u>(108,917)</u>	<u>22,593,348</u>	<u>-</u>
Total business-type activities	<u>21,591,188</u>	<u>(108,917)</u>	<u>22,593,348</u>	<u>-</u>
Total government	<u>\$ 24,513,533</u>	<u>\$ 0</u>	<u>\$ 22,593,348</u>	<u>\$ 2,636,801</u>
General Revenues:				
Increase (decrease) in investment fair value				
Interest income				
Total general revenues				
O&M revenue refund				
Change in net position				
Net position at beginning of year				
Net position at end of year				

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net (Expenses) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (394,461)	\$ -	\$ (394,461)
(394,461)	-	(394,461)
	1,111,077	1,111,077
-	1,111,077	1,111,077
\$ (394,461)	\$ 1,111,077	\$ 716,616
(1,843)	(9,250)	(11,093)
20,611	78,775	99,386
18,768	69,525	88,293
-	(1,444,043)	(1,444,043)
(375,693)	(263,441)	(639,134)
206,034	3,595,024	3,801,058
\$ (169,659)	\$ 3,331,583	\$ 3,161,924

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2018**

	General General Member
ASSETS	
Cash and cash investments	\$ 923,674
Accounts receivable (net)	190,737
Internal Balances	44,599
Prepaid expenses	39,755
Security deposit paid	8,211
Interest receivable	6,735
Total Assets	\$ 1,213,711
LIABILITIES	
Accounts payable	\$ 360,478
Accounts payable - Temperance Flat MOU Group	923,504
Payroll liabilities	533
Compensated absences:	
Payable within one year	64,243
Payable in more than one year	34,612
Total Liabilities	1,383,370
FUND BALANCE	
Unassigned	(169,659)
Total Fund Balance	(169,659)
Total Liabilities and Fund Balance	\$ 1,213,711
 Reconciliation to the Statement of Net Position:	
Total fund balance reported above	\$ (169,659)
Adjustments	-
Net Position	\$ (169,659)

The notes to the financial statements are an integral part of this statement.

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2018

	General
	General Member
Revenues:	
Membership assessment	\$ 2,517,256
Work Plan	29,744
Airborne Snow Observatory	88,225
Miscellaneous	1,576
Interest	20,611
Increase/(decrease) in investment fair value	(1,843)
Total revenues	2,655,569
Expenditures:	
City of Fresno vs USA (JDA)	21,545
GM Administrative Costs	546,641
Administration Allocation	108,917
Water Supply Management	16,016
Friant Supply, Tracking, Policies & Defense	119,000
Delta Supply, Tracking, Policies & Defense	227,663
San Joaquin Settlement	142,208
Reconsultation	52,990
Friant Sustainability Plan	184,420
Upstream Storage	113,985
Special Projects	2,402
NASA Airborne Snow Observatory	245,099
Organization & Governance	1,669
Annual Strategic Planning	1,756
Friant Member & Grower Coordination	133,320
Grants & Funding Development	29,012
Outreach & Engagement	6,700
Legislative Affairs	471,367
State Regulatory Affairs	62,329
External Affairs	112,543
Communications & Media Relations	102,264
Employee holiday, sick, vacation & jury	86,562
Travel Expense	34,284
Retirement, Health Ins & Payroll taxes	208,570
Total expenditures	3,031,262
Deficiency of revenues under expenditures	(375,693)
Fund Balance - October 1, 2017	206,034
Fund Balance - September 30, 2018	\$ (169,659)
Reconciliation to the Statement of Activities:	
Deficiency of revenues under expenditures as reported above	\$ (375,693)
Adjustments	-
Change in net position reported on the Statement of Activities	\$ (375,693)

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Fund
	O&M Fund
ASSETS	
Cash and cash investments	\$ 3,423,929
Restricted cash and cash investments	1,212,714
Accounts receivable (net)	2,928,360
Prepaid expenses	633,520
Interest receivable	24,128
Net capital assets	2,212,356
Total Assets	10,435,007
LIABILITIES	
Accounts payable	2,535,743
Payroll liabilities	49,604
Taxes payable	1,004
Internal Balances	44,599
O&M refund liability	1,444,043
Compensated absences:	
Payable within one year	277,543
Payable in more than one year	188,296
Total Liabilities	4,540,832
DEFERRED INFLOWS OF RESOURCES	
Deferred receipts for O&M cost recovery	2,174,388
Deferred receipts for SLDMWA expenses	388,204
Total Deferred Inflows of Resources	2,562,592
NET POSITION	
Invested in capital assets	2,212,356
Restricted	1,212,714
Unrestricted	(93,487)
Total Net Position	\$ 3,331,583

The notes to the financial statements are an integral part of this statement.

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Business-Type Activities - Enterprise Fund

O&M Fund

Operating revenues:

O&M charges	\$ 21,366,657
Federal assistance	1,226,691
Total operating revenues	<u>22,593,348</u>

Operating expenses:

SLDMWA O&M expenses	12,918,243
FWA O&M expenses:	
Maintenance costs	6,006,420
Operations costs	1,238,094
Administrative costs	1,319,514
Total operating expenses	<u>21,482,271</u>

Operating income (loss)	<u>1,111,077</u>
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Non-operating revenues:

Increase (decrease) in investment fair value	(9,250)
Interest income	78,775
Net non-operating revenues	<u>69,525</u>

O&M revenue refund	<u>(1,444,043)</u>
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Change in net position	(263,441)
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Net position at beginning of year	<u>3,595,024</u>
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Net position at end of year	<u>\$ 3,331,583</u>
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Reconciliation to government-wide statement of activities:

Excess of expenses over revenues as reported above	(263,441)
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Adjustments

Change in net position of business-type activities	<u>\$ (263,441)</u>
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The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF CASH FLOW
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Fund
	O&M Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from districts	\$ 22,385,808
Operating grants received	199,146
Payments to vendors	(18,391,280)
Payments to employees	(2,861,650)
O&M revenue refund	(1,200,063)
Internal activity-payments to other funds	(27,106)
Net cash provided by operating activities	104,855
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchases of capital assets	(651,422)
Proceeds from sales of capital assets	11,258
Net cash used by capital financing activities	(640,164)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	69,524
Net decrease in cash and cash equivalents	(465,785)
Cash and cash equivalents, October 1, 2017	5,102,428
Cash and cash equivalents, September 30, 2018	\$ 4,636,643

The notes to the financial statements are an integral part of this statement.

**FRIANT WATER AUTHORITY
STATEMENT OF CASH FLOW
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Fund
	O&M Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,111,077
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	277,055
Gain on disposition of capital assets	(5,858)
O&M revenue refund	(1,444,043)
Change in assets and liabilities:	
Net accounts receivable	(1,422,397)
Interest receivable	(14,296)
Prepaid expense	65,854
Receivable from other funds	4,283
Accounts payable	1,241,811
Payable to other funds	44,599
Accrued payroll liabilities	27,909
Taxes payable	630
Deferred inflow of resources	(22,387)
Change in O&M refund liability	243,980
Compensated absences	(3,362)
Net cash provided by operating activities	\$ 104,855

The notes to the financial statements are an integral part of this statement.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies:

The financial statements of the Friant Water Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the Authority are described below:

A. Financial Reporting Entity

The Authority is a joint powers authority created for the purpose of operating and maintaining the Friant-Kern Canal, which is a conveyance feature of the Friant Division of the federally owned Central Valley Project (CVP) located in the California San Joaquin Valley. The Authority also provides information on water supply, water distribution and operation and management issues affecting its members and endeavors to preserve and protect the rights and benefits of its members. The Authority was created January 19, 2004. Effective July 1, 2004, the operations and maintenance (O&M) was transferred from Friant Water Users Authority (FWUA) and a consulting agreement existed whereby FWUA contracted with the Authority to provide the necessary services to FWUA for its remaining non-O&M activities.

As of March 1, 1998, the “Agreement to Transfer the Operation, Maintenance and Replacement (OM&R) and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works,, (hereinafter Transfer Agreement) became effective for FWUA. The Transfer Agreement was assigned to Friant Water Authority on June 30, 2004. Under the Transfer Agreement, FWUA operated and maintained the Friant-Kern Canal. The Transfer Agreement provides for direct funding from CVP Friant Division water contractors as opposed to the monthly cash advances from the U. S. Bureau of Reclamation (USBR) under the Cooperative Agreement.

At the January 20, 2011 FWUA Board of Directors' meeting, the Board voted to dissolve and terminate the FWUA. The resolution appointed the Authority as its agent and successor and was assigned to hereafter take any remaining actions necessary that may have been required of FWUA. An amendment to the FWUA Joint Powers Agreement (JPA) was filed with the Secretary of State on February 22, 2011 terminating the JPA.

An agreement also exists between the Authority and the San Luis & Delta-Mendota Water Authority (SLDMWA) that defines how the Authority is to compensate SLDMWA for the water delivered to Settlement (Exchange) Contractors from their project facilities. Settlement contractors receive their water without charge from those facilities and Friant Division Contractors are responsible for the OM&R costs incurred by the SLDMWA in delivering Settlement water.

At the end of the fiscal year, the Authority’s board consisted of fourteen appointed representatives, one from each of the fourteen-member districts. Based on the criteria set forth under Generally Accepted Accounting Principles (GAAP), the Authority is a stand-alone

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

A. Financial Reporting Entity, continued:

governmental entity and has been classified as a non-equity joint venture. This determination was based on the following factors: (1) the Authority is not a component unit of another governmental entity; (2) the Authority was created as a special purpose governmental entity; (3) the member districts retain an ongoing financial responsibility for the Authority; and (4) the member districts maintain joint control wherein each district has an equal influence on the Authority.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through member districts' contributions for those purposes. Business-type activities are financed through the CVP Friant division water contractors' pro-rata share of the cost of operation and maintenance of certain federal Reclamation project facilities.

The statement of activities demonstrates the degree to which direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to member districts that directly benefit from goods, services or privileges provided by a given function or activity and 2) grants and assessments that are restricted to meeting the operational or capital requirements of a particular function or activity.

The Authority utilizes an indirect cost allocation system to allocate costs incurred in the O&M Fund that are indirect expenses of other funds. Reimbursements to the O&M Fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenses in the O&M Fund. These reimbursements are presented in the Indirect Expenses Allocation column of the Statement of Activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity or net position, revenues, and expenditures or expenses, as appropriate. The funds have been established for the purpose of accounting for specific activities or attaining certain objectives in accordance with applicable regulations, restriction or limitations. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

B. Basis of Presentation, continued:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Fund

General Fund

The General Fund is a primary operating fund of the Authority and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-type activities provided to the general member districts. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Included in the reporting entity is the Operations and Maintenance Enterprise Fund (O&M Fund).

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
Major:	
General Member Fund	Used to account for resources assessed by and from the general member districts. This fund is charged with the cost of support of operations, including information on water supply, distribution and preservation of rights and benefits of the member districts.
Proprietary Fund:	
O&M Fund	This fund is used to account for the activities of operation and maintenance (O&M) of the Friant-Kern canal and its related systems, structures, and equipment. This work is financed and operated in a manner similar to a private business enterprise.
Nonmajor:	
	None

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

B. Basis of Presentation, continued:

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which,, transactions are recorded within the various financial statements. Basis of accounting refers to “when,, transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources,, measurement focus or the “economic resources,, measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources,, measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources,, measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.,, Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within six months after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

B. Basis of Presentation, continued:

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's major enterprise fund, the O&M Fund, are the Friant Division districts' share of the cost of operation and maintenance of the Friant-Kern Canal. Operating expenses for the enterprise fund include the cost of operation and maintenance of the Friant-Kern Canal, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses with the exception of the O&M revenue reimbursement that is returning unspent operating and non-operating revenues in the fiscal year to Friant Division contractors.

C. Budgets and Budgetary Accounting

An annual budget is normally adopted for the General Fund on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP).

The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information on page 28.

An annual budget is also adopted for the Enterprise – O&M Fund, on a GAAP basis. The Budget and Actual for the Enterprise - O&M Fund is in the supplementary information on pages 29-32.

Formal budgetary integration is employed as a management control device during the year for the Enterprise - O & M Fund. Annually the board of directors approves, by resolution, budget appropriations for the fiscal year commencing the following October 1. Expenses are controlled by normal internal control processes and user rate reviews.

D. Cash and Investments

A pooled cash and investment system is used for substantially all cash and investments except those that must be legally segregated. Each fund's share of pooled cash and investments is accounted for separately and interest earned is apportioned accordingly. Cash balances are analyzed on a daily basis. The balance of pooled cash is maintained at a level sufficient to meet current operating requirements. Cash in excess of current requirements is invested.

Investment balances stated include unrealized gain or loss.

The Authority considers cash equivalents for the purpose of the statement of cash flows to be cash in banks and cash in the Local Agency Investment Fund.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

E. Prepaid Expenses

Payments made before the receipt of services are recorded as prepaid expenses. The prepaid expenses recorded on the Government-Wide Statement of Net Position and the Statement of Net Position for the Proprietary fund are for health insurance premiums, chemical inventory at year end, training, web hosting fees, phone and copier charges, and dues. The prepaid expenses recorded for the Governmental fund are for health insurance premiums, consulting, rent, rent deposits and parking expenses.

F. Receivables

All receivables are reported at their gross value and where appropriate are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund receivables and payables.,”. Interfund receivables and payables within governmental activities and within business-type activities are eliminated on the Government-Wide Statement of Net Position. The only interfund balances, which remain on the Government-Wide Statement of Net Position, are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.,”.

H. Net Capital Assets

Capital assets are stated at historical cost except donated and contributed capital assets described in Note J. It is the policy of the Authority to capitalize all property, plant and equipment, except equipment costing less than \$1,000 and equipment installed directly onto the Friant-Kern Canal, which is a federally owned facility. Costs of assets sold or retired are eliminated from the accounts in the year of disposition and the resulting proceeds (if any) are recorded as proceeds of sales in the applicable fund. Depreciation is recorded on the enterprise capital assets using the straight-line method. Estimated useful lives for depreciable assets are as follows: heavy equipment, 20 years; vehicles, small tools and office equipment, 5 years; computers, 3 years. Further, salvage values for the fixed assets are now established on an individual asset basis.

I. Deferred Inflows of Resources

Deferred inflows of resources arise in the Authority when amounts are received in advance of earning them. As noted above on page 21, under “Basis of Accounting.,”, revenues are recognized as the related expense is incurred. The deferred receipts recorded on the Government-Wide Statement of Net Position and the Statement of Net Position for the Proprietary fund is for advance payment of October 2018 FWA O&M revenues that were received in September, the advance payments paid by districts to the Authority for SLDMWA O&M expenses, and the advance payment from Delta Lands per the 5-year contract for conveyance charges.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

J. Contributed Facilities and Equipment

The Authority occupies facilities and has used equipment owned by the federal government without charge. For the fiscal year ending September 30, 1998, under the terms of the Transfer Agreement, the equipment was reported as Donated capital for FWUA.

The donated capital assets were recorded at fair market value as of October 1, 1997 and depreciated using the straight-line method in FWUA. Donated capital assets were transferred to the Authority from FWUA on July 1, 2004.

K. Compensated Absences

The Authority has accrued a liability for vacation and sick pay that has been earned but not taken by the Authority's employees. The liability for compensated absences is recorded in the fund the employee labor was designated.

Employees will vest 50% of their sick leave, subject to a maximum cap, upon normal retirement, retirement because of medical disability, or early retirement subject to certain conditions. The vesting method is used and includes all vesting sick leave amounts for which payment is probable and is based on accumulated benefits as of the balance sheet date.

L. O&M Revenue Refunds

The Board of Directors has authorized Friant Division contractors to be refunded annually if revenues for the fiscal year are collected in excess of costs or to be billed for any costs in excess of revenues, after taking into account any necessary reserve balances and cash flow adjustments. The amount of the refund for contractors is \$1,444,043.

M. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position—Consists of all other net position that do not meet the definition of “restricted,, or “invested in capital assets, net of related debt.,,

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

M. Equity Classifications, continued:

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Friant Water Authority Board of Directors (Board). The Board is the highest level of decision-making authority for the Friant Water Authority. Commitments may be established, modified, or rescinded only through resolutions or motions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

As of September 30, 2018, the entire Fund Balance was classified as unassigned.

Proprietary fund equity is classified the same as in the government-wide statements. See Note 8 for additional disclosures.

N. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply restricted net position first.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued:

P. Income Tax

The Authority qualifies for tax-exempt status as an internal part of the State of California or a political subdivision in accordance with Internal Revenue Code (IRC) Section 115. As a result, no tax provisions apply to the Authority's income.

Note 2 – Cash and Cash Investments and Restricted Cash:

Cash and cash investments as of September 30, 2018 consist of the following:

Cash in bank	\$ 452,593
Investments in the Local Agency Investment Fund	<u>5,107,724</u>
Total cash and cash investments	<u>\$ 5,560,317</u>

Investments Authorized by the California Government Code and the Authority's Investment Policy

The Authority's investment policy authorizes investments only in the Local Agency Investment Fund (LAIF), which is a local government investment pool administered by the State of California and in a bank or savings association account fully insured by the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy does not contain any specific provisions intended to limit the Authority's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

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

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 2 – Cash and Cash Investments and Restricted Cash, continued:

Custodial Credit Risk, continued:

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

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

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The LAIF is valued based on the Authority's pro-rata share of the fair value provided by the LAIF for the entire portfolio. The Authority has classified this as Level 2.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 3 – Capital Assets:

Capital assets activity for the year ended September 30, 2018, was as follows:

	<u>Balance 10/01/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/18</u>
Business-type activities:				
Acquisition Costs:				
Vehicles and heavy equipment	\$ 2,820,654	\$ 146,156	\$ (96,674)	\$ 2,870,136
Tools and other equipment	2,371,006	33,742	(45,251)	2,359,497
	5,191,660	179,898	(141,925)	5,229,633
Accumulated depreciation:	(3,348,269)	(277,056)	136,525	(3,488,800)
Depreciable capital assets, net	1,843,391	(97,158)	(5,400)	1,740,833
Construction-in-progress	-	471,523		471,523
Business-type capital assets, net	\$ 1,843,391	\$ 374,365	\$ (5,400)	\$ 2,212,356

Note 4 – Interfund receivables and payables:

Interfund receivables and payables at September 30, 2018 consisted of the following:

Interfund payable to O&M Fund

by General Member Fund \$ 44,599

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 5 – Details of Receivables and Payables:

Receivables at September 30, 2018, consisted of the following:

General Member Fund:

SJR Exchange Contractors WA	\$ 20,882
Voluntary Agreement Effort effort	7,000
Due from temperance flat MOU group	74,630
NASA snow survey	88,225
	\$ 190,737

O&M Fund:

Receivable from SLDMWA -Water Year 2016 true-up	\$ 980,304
Receivable from Friant division contractors	63,636
Receivable from Federal Grant	1,148,992
Receivable for conveyance charges	307,846
Receivable for pumping charges	416,298
Other O&M receivables	11,284
	\$ 2,928,360

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 5 – Details of Receivables and Payables, continued:

Payables at September 30, 2018, consisted of the following:

	General Member	O&M
Payable to Friant division contractors for SLDMWA		\$ 1,043,940
Payable to Temperance Flat MOU	\$ 923,504	
Vendors	360,478	1,491,803
Total	\$ 1,283,982	\$ 2,535,743

Note 6 – Liability for Compensated Absences:

The following is a summary of the changes in the compensated absences liability and a summary of the amounts due for the year ended September 30, 2018:

	Balance 10/01/17	Additions	Reductions	Balance 9/30/18
Compensated absences – General Member Fund	\$ 81,533	32,393	(15,071)	\$ 98,855
Compensated absences – O & M Fund	\$ 469,201	\$ 83,877	\$ (87,239)	\$ 465,839

Payable within one year:

O & M Fund	\$ 277,543
General Member Fund	64,243

Payable in more than one year:

O & M Fund	188,296
General Member Fund	34,612

Total Due	\$ 564,694
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Note 7 – Deferred Compensation Plan:

The Authority offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Authority employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Under the standards established by Governmental Accounting Standards Board, if a fiduciary relationship does not exist between the governmental entity and the Internal Revenue Code Section 457

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 7 – Deferred Compensation Plan, continued:

deferred compensation pension plan, the governmental entity does not report the balances and activities of the deferred compensation pension plan in the entity's financial statements.

It is the Authority's position that it has a fiduciary obligation for the due care required of a prudent investor in the management of the plan's resources. However, since the investments are employee directed, the Authority is not responsible for any loss due to the investment or failure of investment of funds and assets of the plan nor shall the Authority be required to replace any loss that may result from such investments.

Note 8 – Designations of Net Position:

In the fund financial statements, proprietary funds report an unrestricted net position of (\$93,487). Included in this total are designated fund balances that represent portions that the Board of Directors has established to meet specific purposes. The remaining portion is unrestricted, undesignated fund balance. Specific designations of unrestricted net position are summarized below.

Designated for insurance. The Authority maintains an equity designation to be used to pay the deductible amount by the Authority under its policy of insurance. This insurance designation is \$100,000 and was established in accordance with Section (8) (f) of the Cooperative Agreement between the Bureau of Reclamation and FWUA and has been carried forward under the Transfer Agreement which was assigned to the Authority on July 1, 2004.

Designated for special projects. The Board of Directors intention were to authorize \$171,257 for special projects and purchases that were not completed in the current fiscal year to be carried over to fiscal year 2019. The \$171,257 is assigned to vehicles of \$66,605 and motor and gear box upgrades of \$104,652.

Note 9 – Restricted Net Position:

Restricted for Emergency. Under the Transfer Agreement, the Authority is required to establish an "Emergency Reserve Fund,, for purposes of funding extraordinary operations and maintenance activities. The Emergency Reserve Fund may also be used for short-term working capital needs. The Emergency Reserve Fund is required to reach 15% of the average of the three immediately preceding years' operation and maintenance costs of the Friant-Kern Canal. This year the Authority used the operations and maintenance costs that were incurred in the Authority for fiscal years September 30, 2016-2018 to calculate the restricted amount of \$1,212,714.

Note 10 – Related Party Transactions:

During fiscal year, 2018 the Authority did not engage in transactions with parties related through membership. However, as a part of normal activities the Authority does work for member districts when requested.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 11 – Budget Compliance:

General Fund – The General Member Fund expenditures were within legally prescribed limits.

Enterprise – O & M Fund – Expenses were within legally prescribed limits for the Enterprise – O&M Fund.

Note 12 – Commitments and Contingency:

Defined Contribution Plan:

The Authority provides retirement benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan and investment earnings. Employees are eligible to participate from the date of hire. The plan requires Friant Water Authority to contribute an amount equal to 8% of the employee's wages plus an amount equal to the first 4% of the gross wages contributed to the deferred compensation plan by the employee. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after three years of continuous service.

Senior Executive Retention Plan:

Effective January 1, 2018 the Authority established a Nonqualified 457(f) Retirement Plan in accordance with Internal Revenue Code Section 457. The non-qualified 457(f) arrangement allows a tax-exempt employer, such as Friant Water Authority, to provide deferred income to a select management group by contributing to a plan that will be paid out at retirement or upon a specified vesting event. The only authorized participant currently is the Authority's Chief Executive Officer. The plan enacted on his behalf includes two vesting events. The first occurs after three years of continuous service on December 31, 2020. The second occurs after two more years of continuous service on December 31, 2022.

The Authority's total payroll in fiscal year 2018 was \$3,541,610. The Authority's contributions were calculated using the base payroll amount of \$3,515,162. The Authority made the required contribution, which amounted to \$421,263 or 11.98% of covered payroll.

Joint Powers Insurance Authority (JPIA):

The Authority has entered into a joint powers agreement along with other members of the Association of California Water Agencies (ACWA) to form a self-insuring pool for liability coverage up to \$2,000,000. Insurance in excess of \$2,000,000 is collectively purchased through an umbrella policy covering all included members. The excess insurance is for \$58,000,000 per occurrence for a total coverage of \$60,000,000 with no aggregate limitation. Premiums are based on the ultimate cost of the claims experience of the Authority and the group under a retrospectively rated policy. The Authority's retrospective allocation point is \$25,000.

The Authority also participates in a self-insuring pool for property coverage up to \$500,000,000 with the JPIA pooling the first \$100,000. Insurance up to a total of \$150,000,000 in excess of \$50,000 is collectively purchased by the JPIA. The Authority has a \$25,000 deductible for property coverage.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 12 – Commitments and Contingency, continued:

Joint Powers Insurance Authority (JPIA), continued:

The JPIA is governed by a board elected by district members. The governing board controls the operation of the JPIA, independent of any influence by the Authority beyond the Authority’s representation on the governing board.

The JPIA is independently accountable for its fiscal matters. The JPIA maintains its own accounting records. The budget is not subject to any approval other than that of the respective governing board.

The relationship between the Authority and the JPIA is such that the JPIA is not a component unit of the Authority for financial reporting purposes. ACWA/JPIA prepares separate annual financial statements, which may be obtained from ACWA/Joint Powers Insurance Authority, P.O. Box 619082, Roseville, CA 95661-9082.

Condensed financial information for the JPIA’s most recent audited year is as follows:

<u>ACWA/JPIA</u>	<u>Year Ended 9/30/2018</u>
Assets	\$ 188,344,217
Deferred outflows of resources	<u>1,098,315</u>
Total Assets	<u>\$ 189,442,532</u>
Liabilities	\$ 100,820,701
Deferred inflows of resources	2,156,227
Net position	<u>86,465,604</u>
Total liabilities & net assets	<u>\$ 189,442,532</u>
Total revenues	\$ 176,339,229
Total expenses	<u>(165,196,299)</u>
Change in net position	<u>\$ 11,142,930</u>

Special District Risk Management Authority (SDRMA):

The Authority has also entered into a joint powers agreement along with other members of the California Special Districts Association (CSDA) to form a self-insuring pool for workers’ compensation coverage up to California statutory limits per occurrence. Included in the workers’ compensation coverage is \$5,000,000 for employer’s liability.

FRIANT WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Note 12 – Commitments and Contingency, continued:

Special District Risk Management Authority (SDRMA), continued:

SDRMA is governed by a board elected from within the membership of both the property and liability and workers' compensation programs. The governing board controls the operation of the SDRMA, independent of any influence by the Authority.

SDRMA is independently accountable for its fiscal matters. SDRMA maintains its own accounting records. The budget is not subject to any approval other than that of the respective governing board.

The relationship between the Authority and SDRMA is such that SDRMA is not a component unit of the Authority for financial reporting purposes. CSDA/SDRMA prepares separate annual financial statements, which may be obtained from Special District Risk Management Authority, 1112 I Street, Suite 300, CA. 95814.

Condensed financial information for SDRMA's most recent audited year is as follows:

<u>SDRMA</u>	<u>Year Ended</u> <u>6/30/2018</u>
Total assets	\$ 112,001,700
Deferred outflows of resources	<u>823,568</u>
	\$ <u>112,825,268</u>
Total liabilities	57,903,143
Deferred inflows of resources	<u>337,392</u>
Total net position	\$ <u>54,584,733</u>
Total revenues	\$ 69,034,114
Total expenses	<u>(64,541,691)</u>
Change in net position	\$ <u>4,492,423</u>

Note 13 – Litigation

The Authority is involved in various lawsuits in the normal course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the financial statements. Management believes that losses resulting from these matters, if any, would be covered under the Joint Powers Insurance Authority or would not have a material effect on the financial position of the Authority.

**FRIANT WATER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Membership assessment	\$ 2,037,000	\$ 2,517,256	\$ 480,256
Work Plan	119,000	29,744	(89,256)
Airborne Snow Observatory	305,000	88,225	(216,775)
Miscellaneous	195,000	1,576	(193,424)
Interest		20,611	20,611
Increase/(decrease) in investment fair value		(1,843)	(1,843)
Total revenues	<u>2,656,000</u>	<u>2,655,569</u>	<u>(431)</u>
Expenditures:			
City of Fresno vs USA (JDA)	18,088	21,545	(3,458)
GM Administrative Costs	458,913	546,641	(87,729)
Administration Allocation	140,000	108,917	31,083
Water Supply Management	13,446	16,016	(2,570)
Friant Supply, Tracking, Policies & Defense	99,902	119,000	(19,098)
Delta Supply, Tracking, Policies & Defense	191,126	227,663	(36,537)
San Joaquin Settlement	119,385	142,208	(22,822)
Reconsultation	44,486	52,990	(8,504)
Friant Sustainability Plan	154,823	184,420	(29,597)
Upstream Storage	95,692	113,985	(18,293)
Special Projects	2,016	2,402	(385)
NASA Nirborne Snow Observatory	205,764	245,099	(39,335)
Orgaization & Governance	1,401	1,669	(268)
Annual Strategic Planning	1,474	1,756	(282)
Friant Member & Grower Coordination	111,924	133,320	(21,396)
Grants & Funding Development	24,356	29,012	(4,656)
Outreach & Engagement	5,624	6,700	(1,075)
Legislative Affairs	395,719	471,367	(75,648)
State Regulatory Affairs	52,326	62,329	(10,003)
External Affairs	94,481	112,543	(18,062)
Communications & Media Relations	85,852	102,264	(16,412)
Employee holiday, sick, vacation & jury	72,670	86,562	(13,892)
Travel Expense	28,782	34,284	(5,502)
Retirement, Health Ins & Payroll taxes	175,097	208,570	(33,473)
	<u>2,593,349</u>	<u>3,031,262</u>	<u>(437,914)</u>
Deficiency of revenues under expenditures	62,651	(375,693)	(438,345)
Fund Balance - October 1, 2017	<u>206,034</u>	<u>206,034</u>	<u>-</u>
Fund Balance - September 30, 2018	<u>\$ 268,686</u>	<u>\$ (169,659)</u>	<u>\$ (438,345)</u>

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30,2018

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
FWA O&M revenues	\$ 7,921,263	\$ 8,025,261	\$ 103,998
O&M Federal assistance		1,226,691	1,226,691
Reimbursements for outside services		117,982	117,982
Interest	10,000	78,325	68,325
Decrease in investment fair value		(9,250)	(9,250)
Miscellaneous	40,000	305,171	265,171
Total FWA O&M Revenues	<u>7,971,263</u>	<u>9,744,180</u>	<u>1,772,917</u>
Revenue for SLDMWA O&M		12,918,243	12,918,243
Interest		450	450
Total Revenues:	<u>7,971,263</u>	<u>22,662,873</u>	<u>14,691,610</u>
Expenses:			
FWA O&M expenses:			
Canal maintenance			
Vehicle and equipment acquisition	202,694	-	202,694
Vehicle and equipment service	684,659	502,538	182,121
Supervision	377,501	346,650	30,851
Weed and pest control	576,154	605,315	(29,161)
Road maintenance	179,361	94,975	84,386
Yard and building maintenance	225,486	258,506	(33,020)
Structure and gate maintenance	107,571	32,236	75,336
Right-of-way and structure cleaning	125,866	17,170	108,696
Bargate, guardrail and lock maintenance	59,213	32,068	27,145
Embankment maintenance	47,934	75,053	(27,118)
Bridge maintenance	72,239	63,808	8,430
Right of Way Management	-	43,918	(43,918)
Reverse Flow Pumping	-	177,656	(177,656)
FKC Capacity Correction (FWA)	-	49,770	(49,770)
Canal Patrol	-	58	(58)
Operations Reports	-	46,954	(46,954)
Misc Operations	-	198	(198)
Water Quality	-	275	(275)
FKC Title Transfer	-	21,743	(21,743)
Meeting - Board of Directors	-	14,078	(14,078)
Meetings (Sub Committee)	-	5,472	(5,472)
Meetings (Staff)	-	8,639	(8,639)
Employee Benefit (Holiday)	-	54,415	(54,415)
Employee Benefit (Sick Pay)	-	64,506	(64,506)
Employee Benefit (Jury Duty)	-	644	(644)

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30,2018

	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Employee Retirement - OC Maint	-	206,487	(206,487)
Medical & Disability Insurance - OC Maint	-	477,260	(477,260)
Payroll Taxes	-	32,570	(32,570)
Miscellaneous maintenance	40,746	15,102	25,643
Concrete lining repair	10,526	2,889	7,636
Drainditch and channel maintenance	26,798	10,178	16,620
Fence maintenance	30,605	73,372	(42,768)
Mudjacking	13,278	18,822	(5,544)
Painting	62,634	52,020	10,614
Sump pump maintenance	1,725	124	1,601
Cross drainage and structure maintenance	9,704	17	9,687
Rip-rapping	20,115	1,341	18,774
USBR Pump-Back project	44,926	698,273	(653,348)
FKC subsidence pumping	55,942	1,415,129	(1,359,188)
Operations supervision	42,398	31,049	11,349
Legal - Direct	5,508	8,900	(3,392)
Safety and first aid training	78,604	31,400	47,203
Payroll preparation	2,254	1,001	1,253
Meeting expenses	36,674	12,951	23,724
Training and education	51,706	25,445	26,261
Procurement expense	7,432	-	7,432
Inventory and property management	4,961	54	4,907
Employee holiday, sick, vacation and jury duty	164,244	99,073	65,171
Travel	-	8,739	(8,739)
Personnel administration	9,262	7,260	2,002
Utilities	76,378	67,563	8,814
Telephone expenses	12,852	11,346	1,506
Employee incentives and awards	9,384	9,781	(397)
Dues and subscriptions	6,119	7,081	(962)
Budget preparation	11,220	5,274	5,945
Retirement, health ins, payroll taxes	850,248	-	850,248
Outside services	38,562	-	38,562
Depreciation	188,656	159,276	29,380
Total canal maintenance	4,572,136	6,006,422	(1,434,286)
Water operations			
Vehicle and equipment acquisition	68,630	-	68,630
Vehicle and equipment service	4,036	149	3,887
Yard and building maintenance	93,032	21,256	71,777
Structure and gate maintenance	251,626	68,963	182,664
Bargate, guardrail and lock maintenance	4,923	2,100	2,823
Reverse Flow Pumping	-	1,193	(1,193)
Sump pump maintenance	34,212	-	34,212

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30,2018

	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
FKC subsidence pumping	-	5,349	(5,349)
Right-of-way management	8,337	-	8,337
C. & I. Maintenance (General)	-	6,665	(6,665)
Communications and instrumentation	490,710	108,124	382,587
Meter repair and calibration	160,240	83,153	77,087
Canal patrol	175,267	267,749	(92,482)
Operations reports	87,798	112,982	(25,184)
Supervision	55,616	37,454	18,161
Water measurement	61,908	6,427	55,481
Miscellaneous	4,040	515	3,525
Ground water and seepage well measurement	4,107	2,430	1,676
Legal Expense- Direct	-	1,975	(1,975)
Safety and first aid training	12,498	4,554	7,944
Payroll preparation	488	-	488
Meeting expenses	7,803	3,674	4,129
Training and education	30,350	1,333	29,017
Procurement expense	488	-	488
Inventory and property management	3,642	-	3,642
Employee holiday, sick, vacation and jury duty	64,932	84,608	(19,677)
Utilities	49,139	28,552	20,587
Telephone expenses	29,825	36,872	(7,047)
Employee incentives and awards	3,876	2,100	1,776
Postage	-	261	(261)
Budget preparation	488	1,197	(709)
Retirement, health ins, payroll taxes	332,520	281,065	51,455
Depreciation	63,876	67,392	(3,515)
Total water operations	2,104,407	1,238,092	866,315
Administration			
Fixed Asset Acquisition	51,000	-	51,000
USBR Pump Back Project	-	437	(437)
C & I ESI Equip Mtce - SCADA	-	20,497	(20,497)
Administrative supervision	24,593	15,572	9,021
Safety and first aid training	12,832	3,636	9,197
Typing and filing	190,706	135,636	55,070
Payroll preparation	8,438	6,879	1,559
Meeting expense	127,744	120,962	6,783
Training and education	29,867	2,756	27,110
Miscellaneous	36,056	6,574	29,481
Procurement expense	1,785	-	1,785
Inventory and property management	1,404	653	752
Employee holiday, sick, vacation	55,933	66,519	(10,586)
Data processing	197,990	102,184	95,806
Travel expense	16,800	1,951	14,849
Accounting and auditing	190,209	198,331	(8,121)
Personnel administration	22,656	47,045	(24,389)

FRIANT WATER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - O&M FUND
For the fiscal year ended September 30,2018

	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Retirement administration	5,300	-	5,300
Liability insurance	150,399	132,063	18,336
Workers compensation insurance	-	113,885	(113,885)
Legal services	10,200	2,600	7,600
Utilities	30,404	32,824	(2,420)
Telephone expense	17,748	22,030	(4,282)
Office supplies	32,803	25,975	6,828
Employee incentives and awards	8,058	4,209	3,849
Postage	4,488	2,285	2,203
Dues and subscriptions	63,043	74,832	(11,789)
Budget preparation	4,341	6,735	(2,394)
Lease office equipment	32,926	30,351	2,575
Retirement, health ins, payroll taxes	354,724	200,621	154,104
Depreciation	47,468	50,388	(2,920)
Administration allocated	(135,197)	(108,917)	(26,280)
Total administration	<u>1,594,719</u>	<u>1,319,514</u>	<u>275,206</u>
 Total FWA O&M expenses	 8,271,263	 8,564,028	 (292,765)
 SLDMWA O&M expenses	 <u>-</u>	 <u>12,918,243</u>	 <u>(12,918,243)</u>
 Total O&M expenses	 <u>8,271,263</u>	 <u>21,482,271</u>	 <u>(13,211,008)</u>
 O&M revenue refund	 <u>-</u>	 <u>1,444,043</u>	 <u>(1,444,043)</u>
 Increase (Decrease) in net position	 <u>\$ (299,999)</u>	 <u>\$ (263,441)</u>	 <u>\$ 36,559</u>

SINGLE AUDIT REPORTS AND SCHEDULES



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

To the Board of Directors
Friant Water Authority
Lindsay, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Friant Water Authority, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Friant Water Authority's basic financial statements and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items No. 2018-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Friant Water Authority's Response to Findings

Friant Water Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Friant Water Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Cuttone & Mastro".

Fresno, CA
October 13, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Friant Water Authority
Lindsay, California

Report on Compliance for Each Major Federal Program

We have audited the Friant Water Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Friant Water Authority's major federal programs for the year ended September 30, 2018. Friant Water Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Friant Water Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Friant Water Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Friant Water Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Friant Water Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items No. 2018-4, No. 2018-5 and No. 2018-6. Our opinion on each major federal program is not modified with respect to these matters.

Friant Water Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Friant Water Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Friant Water Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Friant Water Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Friant Water Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items No. 2018-2 and No. 2018-3, that we consider to be significant deficiencies.

Friant Water Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Friant Water Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cuttone & Mastro

Fresno, CA

October 13, 2020

**FRIANT WATER AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Federal Grantor/ Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Amount</u>	<u>Federal Expenditures</u>
U.S. Department of the Interior Direct Programs U.S. Bureau of Reclamation			
<u>FKC Capacity Correction Project*</u>			
San Joaquin River Restoration Settlement, Title X- Public Law 111-11, Sec. 10004 (b)(2), Sec. 10201(a)(1)(b) and Section 10203 (a)	15.555	\$5,441,732	\$313,635*
Water Infrastructure Improvements for the Nation, Title III- Public Law 114-322, Sec. 4007 (b)(2)	15.555	<u>\$1,981,971</u>	<u>\$511,560*</u>
		<u>\$7,423,703</u>	<u>\$825,195</u>
<u>FKC Reverse Flow Pump-Back Project*</u>			
Bureau of Reclamation Authorizations, Title IX, Subtitle F- Section 9504 (a)(1)(C) and (D)	15.555	<u>\$3,300,000</u>	<u>\$384,383*</u>
Total U.S. Department of the Interior Direct Programs		<u>\$10,723,703</u>	<u>\$1,209,578</u>

*Denotes a major program

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR
ENDED SEPTEMBER 30, 2018**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect costs are charged to the program at the 10% de minimis indirect cost rate.

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED September 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency identified that is not considered to be a material weakness?	One
• Noncompliance which is material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Two
Type of auditor’s report issued on compliance for Friant Water Authority	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of Major Program

CFDA Number #15.555	Name of Federal Program or Cluster U.S. Department of the Interior; San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III
Dollar threshold to distinguish between Type A and Type B programs	\$750,000
Auditee qualifies as a low-risk auditee under §200.520 criteria?	No

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

**Section II – Findings relating to the financial statements which are required to
be reported in accordance with GAGAS:**

SIGNIFICANT DEFICIENCY

Finding No. 2018-1 – Preparation of Schedule of Expenditures of Federal Awards (SEFA):

Criteria: Procedures should be in place to ensure the proper reporting of the federal expenditures on the SEFA.

Condition: We identified an error in the reporting of federal awards expenditures in the SEFA. The schedule prepared included \$17,878 of expenditures of a prior period. The SEFA was corrected prior to issuance.

Cause: There was a lack of understanding of federal laws and regulations relating to the preparation of the SEFA.

Effect: Improper reporting of the amount of federal expenditures in the SEFA.

Recommendation: We recommend a review of the requirements of the SEFA.

Response: We concur with the recommendation. The accounting staff will review the SEFA preparation requirements.

Auditor's Evaluation: The response appears adequate if properly implemented

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a).

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III (CFDA #15.555)**

SIGNIFICANT DEFICIENCY

Finding No. 2018-2 – Audit Report Submission

Criteria: Per Uniform Guidance Subpart F section 200.512 the audit must be completed and data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor’s reports, or nine months after the end of the audit period.

Condition: Management was not able to provide the necessary information needed to complete the audit by the required date.

Cause: Management and accounting staff turnover.

Effect: Noncompliance may result in withholding of payments, denying both the use of funds and matching credit for all or part of the cost of the activity or action not in compliance, whole or partial suspension or termination of the Assistance Agreements, recovery of funds paid under the Assistance Agreements, withholding of future awards, or other legal remedies in accordance with 2 CFR §200.338.

Recommendation: We recommend that the Friant Water Authority improve internal controls to ensure timely filing of the audit reports.

Response: Management will review internal controls and educate and train new staff on controls and audit filing guidelines.

Auditor’s Evaluation: As of the completion of the audit for the year ended September 30, 2018 the audit for the year ended September 30, 2019 has not been started and was due May 31, 2020. Management should make a commitment to complete the audits by the required due dates.

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III (CFDA #15.555)**

SIGNIFICANT DEFICIENCY

Finding No. 2018-3 – Procurement Standards

Criteria: Procurement standards found in 2 CFR§200.317 through §200.326 of the Uniform Guidance, establishes standards and guidelines for the procurement of supplies, equipment and services for federal assistance programs. The Uniform Guidance requires nonfederal entities to have written policies and maintain written code of standard selection procedures for procurement transactions.

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a), continued:

Finding No. 2018-3 – Procurement Standards, continued

Condition: We identified that the Authority did not have adequate written policies and did not maintain a written code of standard selection procedures for procurement transactions that included all the requirements of the Uniform Guidance or the procurement requirements stated in the Assistance Agreements.

Effect: The deficiency in internal control and non-compliance with the Uniform Guidance and Assistance Agreements may result in inadequate support for procurement transactions charged to federal award programs and may cause those costs to be disallowed. Noncompliance may result in withholding of payments, denying both the use of funds and matching credit for all or part of the cost of the activity or action not in compliance, whole or partial suspension or termination of the Assistance Agreements, recovery of funds paid under the Assistance Agreements, withholding of future awards, or other legal remedies in accordance with 2 CFR §200.338.

Cause: There was a lack of understanding of federal laws and regulations relating to this requirement.

Recommendation: Establish written procurement policies and procedures as required by the Uniform Guidance and the procurement requirements stated in the Assistance Agreements. The Authority should consider implementation of the following internal controls:

1. Review the Uniform Guidance and update the current policies and procedures to include all the requirements not part of the Authority's current policies.
2. Make available the updated policies and procedures to responsible management and employees.
3. Management should monitor compliance and performance with the policies and procedures.

Managements Corrective Action Plan: The Authority will amend current procurement policies to be consistent with the procurement standards found in 2 CFR§200.317 through §200.32 of the Uniform Guidance. Upon completion and adoption of amended procurement policies, which should be completed by December 2020, the document shall be distributed to all Authority staff responsible for the procurement of materials and services under grant contracts. Periodic monitoring by the Authority's Accounting Operations Administrator for compliance with the procurement policy and 2 CFR§200.317 through §200.326 will take place.

Auditor Response: We agree with the response and actions to be taken by Friant Water Authority.

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a), continued:

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III (CFDA #15.555)**

OTHER MATTERS

Finding No. 2018-4 – Contract Provisions

Criteria: The Uniform Guidance and the Assistance Agreements require that the non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards. In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a), continued:

Finding No. 2018-4 – Contract Provisions, continued

Criteria, continued:

(E)Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F)Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G)Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award. See §200.322 Procurement of recovered materials.

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a), continued:

Finding No. 2018-4 – Contract Provisions, continued

Condition: We identified that the Authority enter into 4 contracts related to the Assistance Agreements. We selected all these contracts for testing and reviewed the 4 written contracts. Many of the requirements were not included in the contracts.

Effect: Noncompliance may result in withholding of payments, denying both the use of funds and matching credit for all or part of the cost of the activity or action not in compliance, whole or partial suspension or termination of the Assistance Agreements, recovery of funds paid under the Assistance Agreements, withholding of future awards, or other legal remedies in accordance with 2 CFR §200.338.

Cause: There was a lack of understanding of federal laws and regulations relating to this requirement.

Recommendation: The Authority should implement policies and procedures to ensure the requirements are included in the contracts.

Managements Corrective Action Plan: The Authority will rely upon the amended and updated procurement policies to ensure that provisions are included that are consistent with Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards. The Authority created an attachment with the clauses required for contracts. The attachment will be included with purchase orders and contracts as required.

Auditor Response: We agree with the response and actions to be taken by Friant Water Authority.

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a), continued:

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III (CFDA #15.555)**

Finding No. 2018-5 – Competition

Criteria: The Uniform Guidance and Assistance Agreements require that all procurement transactions be conducted in a manner providing full and open competition. In addition, they require grantees to maintain records sufficient to detail the significant history of a procurement. These records will include, but not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition: We identified that the Authority entered into 4 procurement transaction related to the federal assistance program. We selected all these transactions for testing and reviewed the contractor selection procedures. The procurement history documentation was not sufficient for us to determine that procedures performed provide for full and open competition for the transactions.

Effect: Noncompliance may result in withholding of payments, denying both the use of funds and matching credit for all or part of the cost of the activity or action not in compliance, whole or partial suspension or termination of the Assistance Agreements, recovery of funds paid under the Assistance Agreements, withholding of future awards, or other legal remedies in accordance with 2 CFR §200.338.

Cause: There was a lack of understanding of federal laws and regulations relating to this requirement.

Recommendation: The Authority should implement policies and procedures to insure the proper documentation of the contractor selection.

Managements Corrective Action Plan: The Authority will rely upon the amended and updated procurement policies to ensure that competition requirements comply with 43 CFR § 12.76. The Authority will outline and enforce the provisions, including the differentiation between construction and professional services.

Auditor Response: We agree with the response and actions to be taken by Friant Water Authority

**FRIANT WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

Section III – Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516 Audit findings, paragraph (a), continued:

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III (CFDA #15.555)**

Finding No. 2018-6 – Bonding Requirements

Criteria: The Uniform Guidance and the Assistance Agreements require that, for construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold of \$150,000, the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such determination has not been made, the minimum requirements shall be that a bond or bid guarantee be obtained.

Condition: We identified that the Authority enter into 4 procurement transaction over \$150,000. We selected all these transactions for testing and reviewed the 1 contract meeting the requirement. The bond or bid guarantee was not obtained for that contract.

Effect: Noncompliance may result in withholding of payments, denying both the use of funds and matching credit for all or part of the cost of the activity or action not in compliance, whole or partial suspension or termination of the Assistance Agreements, recovery of funds paid under the Assistance Agreements, withholding of future awards, or other legal remedies in accordance with 2 CFR §200.338.

Cause: There was a lack of understanding of federal laws and regulations relating to this requirement.

Recommendation: The Authority should implement policies and procedures to ensure the bonding requirements are meet.

Managements Corrective Action Plan: The Authority will rely upon the amended and updated procurement policies to ensure that the Authority's interest or the awarding agency will be sufficiently protected. The Authority shall also ensure that the proper application of professional versus construction services be applied to ensure that the proper bonding requirements are enforced.

Auditor Response: We agree with the response and actions to be taken by Friant Water Authority.

Section IV – Status of Prior Year Findings:

N/A – None

CORRECTIVE ACTION PLAN

October 1, 2020

Bureau of Reclamation,

Friant Water Authority respectfully submits the following corrective action plan for the year ended September 30, 2018.

Name and address of independent public accounting firm:

Cuttone & Mastro, Certified Public Accountants 7543 North Ingram,
Suite 102 Fresno, CA 93711

Audit period: September 30, 2018

The findings from the September 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III
(CFDA #15.555)**

**Finding No. 2018-1 - Preparation of Schedule of Expenditures of
Federal Awards (SEFA)**

Condition: An error in the reporting of federal awards expenditures in the SEFA. The schedule prepared included expenditures of a prior period.

Recommendation: Review the SEFA preparation requirements.

Managements Corrective Action Plan: Management and staff will review and familiarize themselves with the SEFA preparation requirements.

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III
(CFDA #15.555)**

Finding No. 2018-2 - Audit Report Submission

Condition: Management was not able to provide the necessary information needed to complete the audit by the required date as a result of management and staff turnover.

Finding No. 2018-2 -Audit Report Submission, continued

Recommendation: The Authority improve internal controls to ensure timely filing of the audit reports.

Managements Corrective Action Plan: Management will review internal controls and educate and train new staff on controls and Audit filing guidelines.

U.S. Department of the Interior, San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III (CFDA #15.555)

Finding No. 2018-3 -Procurement Standards

Condition: The Authority did not have adequate written policies and did not maintain a written code of standard selection procedures for procurement transactions that included all the requirements of the uniform guidance or the procurement requirements stated in the grant agreements.

Recommendation: Establish written procurement policies and procedures as required by the uniform guidance and the procurement requirements stated in the grant agreements. The Authority should consider implementation of the following internal controls:

1. Review the uniform guidance and update the current policies and procedures to include all the requirements not part of the Authority's current policies.
2. Make available the updated policies and procedures to responsible management and employees.
3. Management should monitor compliance and performance with the policies and procedures.

Managements Corrective Action Plan: The Authority will amend current procurement policies to be consistent with the procurement standards found in 2 CFR§200.317 through §200.32 of the Uniform Guidance. Upon completion and adoption of amended procurement policies, which should be completed by December 2020, the document shall be distributed to all Authority staff responsible for the procurement of materials and services under grant contracts. Periodic monitoring by the Authority's Accounting Operations Administrator for compliance with the procurement policy and 2 CFR§200.317 through §200.32 will take place.

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III
(CFDA #15.555)**

Finding No. 2018-4 - Contract Provisions

Condition: The Authority entered into 4 contracts related to the Assistance Agreements. All these contracts were selected for testing and review. Many of the requirements were not included in the contracts.

Recommendation: The Authority should implement policies and procedures to ensure the requirements are included in the contracts.

Managements Corrective Action Plan: The Authority will rely upon the amended and updated procurement policies to ensure that provisions are included that are consistent with Appendix II to Part 200--Contract Provisions for non-Federal Entity Contracts Under Federal Awards. The Authority has created an attachment with the clauses required for contracts. The attachment will be included with purchase orders and contracts as required.

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III
(CFDA #15.555)**

Finding No. 2018-5 - Competition

Condition: The Authority entered into 4 procurement transactions related to the federal assistance program. These 4 transactions were selected for testing and review of the contractor selection procedures. The procurement history documentation was not sufficient for us to determine that the procedures performed provided for full and open competition for the transactions.

Recommendation: The Authority should implement policies and procedures to insure the proper documentation of the contractor selection.

Managements Corrective Action Plan: The Authority will rely upon the amended and updated procurement policies to ensure that competition requirements comply with 43 CFR § 12.76. The Authority will outline and enforce the provisions, including the differentiation between construction and professional services.

**U.S. Department of the Interior,
San Joaquin River Restoration Settlement, Title X, Subtitle A, Part III
(CFDA #15.555)**

Finding No. 2018-6 - Bonding Requirements

Condition: The Authority entered into 4 procurement transactions over \$150,000. All these transactions were tested. The one contract meeting the requirement was reviewed. The bond or bid guarantee was not obtained for that contract.

Recommendation: The Authority should implement policies and procedures to ensure the bonding requirements are met.

Managements Corrective Action Plan: The Authority will rely upon the amended and updated procurement policies to ensure that the Authority's interest or the awarding agency will be sufficiently protected. The Authority shall also ensure that the proper application of professional versus construction services be applied to ensure that the proper bonding requirements are enforced.

If the Bureau of Reclamation has questions regarding this plan, please call Don Willard at 559-568-6305.

Respectfully,

Don Willard

Don Willard

Agenda Report

No. 14.C

DATE: October 22, 2020
TO: Board of Directors
FROM: Finance Committee, Don Willard, Business Administration Manager
SUBJECT: Investment Policy Review & Approval

SUMMARY:

The Authority's Investment Policy is periodically reviewed by the Finance Committee, which recommends any changes to the Board of Directors. No changes are proposed to the Policy, which was last ratified in March 2018.

FINANCE COMMITTEE ACTION:

The Finance Committee reviewed the Investment Policy and recommended that the Board of Directors ratify the Policy, in its current form, for another year.

RECOMMENDED ACTION:

The Investment Policy be ratified in its current form for another year.

SUGGESTED MOTION:

"I move that the Board of Directors ratify the Investment Policy for another year in its current form."

BUDGET IMPACT:

There is no impact to the budget

ATTACHMENTS:

Statement of Investment Policy for the Friant Water Authority

STATEMENT OF INVESTMENT POLICY FOR
FRIANT WATER AUTHORITY

EFFECTIVE JULY 22, 2004

Last Ratified March 1, 2018

In accordance with State law, the Friant Water Authority is guided by three objectives in its investment of public funds. The first objective is to safeguard principal. The second objective is to ensure that investments satisfy the liquidity needs of the Agency, and the third objective is to obtain a return on the public funds invested.

Therefore, it is the policy of the Board of Directors, and the Treasurer is hereby instructed, to invest all Authority funds only in the following secure and reliable investments:

- a) California Local Agency Investment Fund; and or,
- b) Bank or savings association accounts fully insured by the Federal Deposit Insurance Corporation.

Savings accounts and active bank accounts will be collateralized to the degree consistent with or exceeding existing law or regulation.

Further, when depositing Authority funds in the above investments, the Treasurer is directed to deposit those funds with the objective of realizing the maximum return possible, consistent with prudent financial management. No investment with a term in excess of five years may be made by the Treasurer without express authority from the Board.

The Treasurer shall make a quarterly investment report to the Board of Directors. The report shall be submitted to the Board of Directors within 30 days of the end of each quarter. Each report shall include the most recent financial statements from each Authority investment and shall be consistent with all applicable reporting requirements established by law. In addition, each report shall include statements regarding:

- a) Whether the Authority's investments are in compliance with this Statement of Investment Policy, and if not, why; and
- b) The ability of the Authority to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall or may not be available; and
- c) Any other information or data requested by the Board of Directors.

This investment policy will be reviewed and approved by the Board of Directors on an annual basis in accordance with Section 53646 (a) of the Government Code and may be modified only upon action of the Board of Directors.

Agenda Report

No. 14.D

DATE: October 22, 2020
TO: Board of Directors
FROM: Chris Hickernell, General Superintendent
SUBJECT: **Approval of Purchase of Herbicide for Milfoil Treatment**

SUMMARY:

Staff has acquired bids, see attached, from vendors to purchase Aquatic Herbicides for the control of Western Milfoil in the Friant Kern Canal for FY 2021. Alligare LLC has provided the low bid of \$297,701.69 for 429 gallons of Alligare Fluoridone and IMOX Aquatic Herbicide. The price received is good for 20 days; however, a purchase order needs to be provided to Alligare LLC. Inc. in order to secure the pricing. This treatment is a part of the upcoming Dewatering Project and the cost was included in the FY 2021 OM&R Budget.

FINANCE COMMITTEE ACTION:

The Finance Committee reviewed the purchase requisition and recommended that the FWA Board purchase of Fluoridone and IMOX Aquatic Herbicide for an amount not to exceed \$297,701.69 per the bid.

RECOMMENDED ACTION:

The Board approve the purchase Alligare Fluoridone and IMOX Aquatic Herbicide.

SUGGESTED MOTION:

"I move that the Board of Directors approve the purchase of Alligare Fluoridone and IMOX Aquatic Herbicide in the amount not to exceed \$297,701.69

BUDGET IMPACT:

The purchase price of \$297,701.69 is \$17,698 less than the FY 2021 budgeted amount for the purchase.

ATTACHMENTS:

Purchase Requisition #AA-30-325 and backup bid sheets

**FRIANT WATER
AUTHORITY**

854 N. Harvard Ave. - Lindsay, California 93247
Phone (559) 562-6305 FAX (559) 562 3496

Purchase Requisition

Requisition No. **AA-30-325**

Date:	10/16/2020	P.O. No.:		Foreman / Staff	AA	Initial		Date	10/16/2020
Name:	Albert Avila	Date Needed:	Nov 15th 2020	Supervisor					
Field Office:	Delano	Date Purchased:		Superintendent					
Job No.:	6030-01-40-70-01	To be purchased by Acct'g		CFO					10/16/2020
				COO >\$5000					10-16-2020

Bid/Quote No. 1		Bid/Quote No. 2		Bid/Quote No. 3	
Vendor	Alligare LLC	SePRO Corporation			
Address	3300 Nord Avenue	11550 North Meridian Street Suite 600			
City/State	Bakersfield, CA. 93314	Carmel, Indiana. 46032-4565			
Contact	Dave Blodgett	Ajay Jones			
Phone	661-599-3231	317-580-8282			
Cell					
Notes	2 lb. active to acre/ 1 lb. active to acre	1.5 lb. active to the acre /1 lb. active to the acre			only two vendors for this area

Description	Quantity	Unit Price	Total Cost	Quantity	Unit Price	Total Cost	Quantity	Unit Price	Total Cost
Fluridone (Aquatic herbicide)	143	\$1,475.00	\$ 210,925.00	858	\$285.13	\$ 244,641.54			\$ -
Imazamox (Aquatic herbicide)	286	\$207.50	\$ 59,345.00	286	\$219.00	\$ 62,634.00			\$ -
SUBTOTAL			\$ 270,270.00			\$ 307,275.54			\$ -
Ship/Hand									
Sales Tax(varies per location)			27,431.69			31,203.83			
TOTAL Estimated Cost (Highlight best buy)			\$ 297,701.69			\$ 338,479.37			\$ -

Justification:
Herbicide is needed to treat aquatic weeds beginning of earth section MP . 34.93 to MP. 61.00, herbicide is label for the control of western milfoil and other invasive aquatic weeds the total amount to be treated is 286 acres. For cost details see O&M Budget FY 2021-2022 Extraordinary maintenance projects cost summary/sheet/ materials : Herbicides

Budgeted \$315,400.00

Deliver to (Name):

O.C	Lindsay	Delano	Other

Ship Prepaid Via: UPS FedEX Mail Other

Job code	6030-01-40-70-01
Amount budgeted	315,400.00
Spent to date	
Remaining budget	315,400.00

REQUEST FOR QUOTATION

The Friant Water Authority will receive non-negotiable quotations for the following product(s). Product specifications are attached hereto.

Preemergent: IMOX (12.1% Ammonium salt of imazamox) and Alligare Fluridone (41.7% Fluridone)

Please complete quote form and E-mail to aavila@friantwater.org by 5:00 PM on Friday October 9th, 2020.

Vendors Name, Address, Contact, Telephone Number:

Alligare LLC

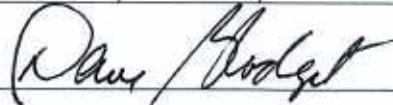
3300 Nord Avenue, Bakersfield, CA 93314

Dave Blodget 661-599-3231

dave.blodget@alligare.com

The undersigned agrees to furnish the above-mentioned herbicides conforming to attached minimum specifications at the prices listed below based on the following quantities:

Product	Unit	# Units	Unit Price	Extension (include tax/shipping)
IMOX	Gallons	286 gals	\$207.50/gal	\$65,368.16
Alligare Fluridone	Gallons	143 gals	\$1,475.00/gal	\$232,333.53
			TOTAL	\$297,701.69

Signed by: 

Title: Western US Regional Manager- Aquatics

Dated: October 15, 2020 (Revised)

Delivery to: 860 2nd Street, Orange Cove, CA 93646

All items are complete quote prices that include sales tax and other applicable taxes, fees and delivery costs to Friant Water Authority 854 Harvard st Lindsay, California.93247. For more info contact Al Avila Cell 559-333-6058 or 559-562-6305 ex. 4028 Thank You.



Alligare LLC

• 3300 Nord Avenue • Bakersfield, California 93314
Cell: (661) 599-3231 Email: dave.blodget@alligare.com

October 15, 2020

Mr. Al Avila
Friant Water Authority
854 Harvard Street
Lindsay, CA 93247

Al,

Alligare appreciates the opportunity to provide the attached product pricing for the pre-emergent application to the Friant canal.

We recommend Alligare Fluridone @ 64 ounces/acre in combination with IMOX @ 128 ounces/acre to be applied to 286 acres of the Friant canal infested with Western Watermifoil. The total price is inclusive of all applicable taxes and shipping costs to a single delivery point.

Along with this product proposal, we will provide written recommendations and application advice at no additional cost to the Friant Water Authority.

It will be necessary to conduct monitoring of the treatment following reflooding of the system. We have an arrangement with McCampbell Analytical, Inc. based in Pittsburg, California. They are an accredited lab, NELAP #4033, CA ELAP #1644 and will provide sample bottles and associated COC paperwork for the sampling.

Costs for each Imazamox sample:

1 day- \$220.00

2 day- \$165.00

Costs for each Fluridone sample:

1 day- \$ 130.00

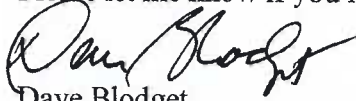
2 day- \$ 97.50

1565 5th Avenue, Opelika, AL 36801 • Post Office Box 967, Opelika, AL 36804
Tel: (334) 741 - 9393 Fax: (334) 741 - 9395
www.alligarellc.com

Friant Water Authority will be responsible for overnight shipping costs to McCampbell Analytical, Inc.

I have also included copies of the labels and SDS sheets for each product.

We appreciate the opportunity to assist Friant Water Authority in this very important project. Please let me know if you have any questions.



Dave Blodget
Western US Regional Manager-Aquatics
Alligare LLC

REQUEST FOR QUOTATION

The Friant Water Authority will receive non-negotiable quotations for the following product(s). Product specifications are attached hereto.

Preemergent: Sonar Genesis® and Clearcast®

Please complete quote form and E-mail to aaavila@friantwater.org by 5:00 PM on Friday October 9th, 2020.

Vendors Name, Address, Contact, Telephone Number:

SePRO Corporation _____
 11550 North Meridian Street – Suite 600 _____
 Carmel, IN 46032-4565 _____
 (661) 381-8384 _____

The undersigned agrees to furnish the above mentioned herbicides conforming to attached minimum specifications at the prices listed below based on the following quantities:

Product	Unit	# Units	Unit Price	Extension (include tax/shipping)
Sonar Genesis®	Gallons	858	\$285.13	\$269,484.89
Clearcast®	Gallons	286	\$219.00	\$68,994.48
Total				\$338,479.37

Signed by: Sam Barnitz
 Title: VP, Marketing
 Dated: 10/7/2020

All items are complete quote prices that include sales tax and other applicable taxes, fees and delivery costs to Friant Water Authority 860 Second Street Orange Cove, CA 93646. For more info contact Al Avila Cell 559-333-6058 or 559-562-6305 ex. 4028 Thank You.

DATE: October 22, 2020

TO: Board of Directors

FROM: Donald M. Davis, General Counsel

SUBJECT: **Cost Recovery Agreement with Tulare County for FKC Middle Reach Capacity Correction Project**

SUMMARY:

The FKC Middle Reach Capacity Correction Project (Project) requires significant coordination with Tulare County due to the number of locations where the Project will cross or otherwise affect County roads, bridges and other facilities. To date, County staff has been working in good faith with the Project team to review preliminary plans, identify right-of-way issues, and prepare requisite approval documents with the understanding that the Project would pay for the time of County staff in a manner similar to proponents of private projects. As the County did not have a form or reimbursement agreement for such services, FWA prepared a draft document, which, with minor revisions, County staff is prepared to recommend for approval to the Board of Supervisors, and has requested that the FWA Board approve first.

DISCUSSION:

Under the proposed Cost Recovery Agreement, the Project would be responsible to pay the time of County staff and other costs incurred during all stages of the Project with respect to Project activities that impact or affect County facilities or property. A list of anticipated County Project activities is set forth in Exhibit A and the Rate Schedule for County personnel is attached as Exhibit B to the Agreement. The County will bill on a time and materials basis similar to contractors. And like a contractor invoice, all invoices from the County must detail the task performed by each staff member, the hours worked and the rate for such staff member. FWA may dispute any charges within 10 days of receipt of an invoice, and except for any disputed charges, must pay the undisputed portion of the invoice within 30 days' of receipt.

The County has indicated that it has incurred approximately \$117,000 in staff and other costs to date. FWA has not received the back-up documentation yet for this amount, but multiple County staff members have been working on Project-related matters for over a year without any reimbursement, so this figure is not surprising, but again, the Project team will fully exam the details when the actual invoice is sent. All invoices from the County will be carefully reviewed by the Project team.

RECOMMENDED ACTION:

That the Board authorize the Chief Operating Officer to execute on behalf of FWA the proposed Cost Recovery Agreement with Tulare County.

SUGGESTED MOTION:

I move that the Board authorize the Chief Operating Officer to execute on behalf of FWA the proposed Cost Recovery Agreement with Tulare County.

BUDGET IMPACT:

The Project budget for the costs of Tulare County staff with respect to Project coordination and County approvals is estimated at \$170,000 for pre-construction design review and right-of-way coordination and \$250,000 for construction activities.

ATTACHMENTS:

Cost Recovery Agreement.



AGENDA REPORT

NO. 15.A.i

DATE: October 22, 2020

TO: Board of Directors

THROUGH: Douglas DeFlicht, Chief Operating Officer

FROM: Janet Atkinson and Bill Swanson, Stantec; Lindy Lee, BRI

SUBJECT: Friant-Kern Canal Middle Reach Capacity Correction Project Update

SUMMARY:

The FKC Middle Reach Capacity Correction Project (Project) is to correct the conveyance capacity problems caused by subsidence and original Project design deficiency from MP 88 (Fifth Avenue Check) to MP 121.5 (Lake Woollomes Check). The Board of Directors (BOD) selected the proposed alternative that consists of a parallel or realigned canal along with enlargement of certain segments of the existing canal (Canal Enlargement & Realignment – “CER”) at the April 25, 2019 BOD meeting for continued design development, environmental compliance and permitting. Current work items include 1) final design; 2) environmental compliance/permitting activities; and 3) land acquisition program.

DISCUSSION/UPDATE: The following is a summary of the work completed since the last BOD update and an update on the Project Schedule:

Schedule Update – Provided below is the current milestone implementation schedule.

Milestone	Date
NOI/NOP Published	December 2, 2019
Feasibility Report provided to OMB	January 28, 2020
30-Percent Design Report - Final	February 24, 2020
NOA/Draft EIS/EIR Published	May 08, 2020
Biological Opinion Issued	July 13, 2020
NOA/ FEIS/EIR Published	September 18, 2020
100-Percent Bid Issue Design Completion	October 21, 2020
FWA Certification of EIR	October 22, 2020
NOD Published	October 23, 2020

ROD Approval/Signature	October 27, 2020
Project Section 106 Complete	November 30, 2020
Award Construction Contract	April 2021

Environmental Milestones –

On September 18th the Final EIS/EIR was released for public review. Preparation of the Final EIS/EIR for certification and approval of the project is the final step of the NEPA/CEQA process. This milestone was accomplished within the 365-day timing requirement by Secretary of the Interior, Order No. 3355 imposing timing limitations in an effort to streamline NEPA reviews. The team achieved this milestone with effective collaboration between Stantec’s environmental team, Reclamation’s environmental team, and FWA all working together with the common goal of meeting the project schedule. A presentation on the Final EIR was provided to the Executive Committee on October 12th. The presentation focused on the environmental review process, including a description of the proposed project and alternatives. The Board of Directors will receive a similar presentation at this October 22, 2020 board meeting, prior to considering certification of the Final EIR and taking other related actions.

Environmental Compliance, Cultural Resources and Permitting – Following is a description of NEPA/CEQA compliance and Permitting activities for the Project.

- Continued bi-weekly calls with Environmental team to discuss progress on NEPA/CEQA and permitting.
- Continued working on CEQA findings and Board resolution for EIR certification.
- Prepared board presentation materials for upcoming board meeting for certification of EIR and approval of the Project.
- Continued to conduct check-in meetings with the United States Army Corps of Engineers (ACOE) regarding status of their review of the wetland delineation.
- Prepared additional wetland/water mapping and data to respond to request by ACOE regarding specific features within the project alignment.
- Began preparation of the 404(b)(1) alternatives analysis for submittal with the ACOE 404 permit.
- Addressed comments from California Department of Fish and Wildlife on the Section 1600 Streambed Alteration Agreement notification.
- Submitted the Indirect Source Review (ISR) application and Voluntary Emissions Reduction Agreement (VERA) Agreement to the San Joaquin Valley Air Pollution Control District (SJVAPCD).
- Finalized and released the Notice of Availability for Final EIS/R.

Engineering and Design –

- Conducted 8th Tulare County coordination call to progress the design coordination and steps to further a Memorandum of Understanding (MOU) for the Project as it pertains to potential impacts to County facilities and property. Regularly scheduled coordination meetings are planned for these coordination items. The County has indicated it will provide a draft of the MOU later this month.
- Received CALTRANS review comments on the 60% design submittal, reviewed comments and providing responses to comments. Coordinated with Reclamation regarding planned 90% submittal.

- Received additional 90% design submittal comments and responding to comments received.
- Received Tulare County review comments on the 90% design submittal, reviewed comments, prepared responses to comments and transmitted to Tulare County for coordination review call planned for October 14th.
- Prepared Technical Memorandum (TM) regarding the new pump station proposal from contractors. Transmitted the TM to the contractors and scheduling a coordination call.
- Advanced structural, electrical, mechanical, and civil designs to the 100% submittal.
- Prepared technical specifications to advance to the 100% submittal.
- Supported specialty utility relocation firm in providing utility relocation materials requested by utility companies. This included participation in multiple coordination calls.
- Conducted meetings with Reclamation and FWA on design and construction elements. Topics included construction sequencing and scheduling, construction contractor procurement process.
- Initiated project cost estimate update.

Feasibility Report

- Continued to progress the Ability to Pay Study.

Land Acquisition

- Continue to make progress on the action items established during joint Friant, Reclamation, Stantec bi-weekly meetings.
- BRI has submitted all appraisals to AVSO for review, twenty-seven (27) appraisals have been approved, and the final seven (7) appraisals are being reviewed by AVSO.
- BRI has mailed twenty-one (21) First Written Offer packages to the owners. BRI anticipates five (5) more First Written Offers will be sent by the end of October.
- BRI continues to draft Preliminary Title Reports Opinions to clear title for final ALTA insurance policies required by Reclamation.
- BRI has started the negotiations with the sellers who received the First Written Offers.
- BRI will be handling the questions on the acquisitions and processing counter offers with both Reclamation and FWA for settlement.
- BRI is currently working on revisions to appraisals for cases where the property being acquired has changed due to the project needs or other special circumstances.
- BRI is working to finalize the Administrative Settlement process with FWA and Reclamation.
- Several landowners are in the process of contracting for independent appraisals as permitted under California law and BRI will be processing those as they come in.
- Out of the thirty-four parcels being acquired, only two (2) parcels have legal access issues. BRI has requested the final Right of Way Exhibits for the two (2) parcels that need alternative access and will then appraise and acquire access from the adjoining landowners.
- BRI continues to work with the County of Tulare to determine the best way to acquire property rights over county roads in locations where the realigned canal will cross such roads. The final determination of ownership with maps have been approved by both the County of Tulare and Reclamation.
- OPC continues to directly participate in ROW group and design meetings on matters related to utility issues/rights/easements determination.

- OPC continues to attend meetings with Stantec with various irrigation district owners to discuss the resolution of project conflicts with their facilities.
- OPC will continue research and review of prior rights documents regarding responsibility for utility relocation costs.
- OPC continues meetings with SCE and SoCal Gas to go over relocation issues. SCE has requested advance payment for Engineering Relocation Support efforts. This request has been forward to Friant and is being processed based on the Board's approved budget last month for such work.
- OPC has received two franchise rights agreements from the County of Tulare, and the County requested that we get any other outstanding agreements from the utility owners. Depending on the contents of the agreements, where possible, the Project will seek the endorsement of the County to enforce the County's rights under those agreements for the Project in order to achieve significant costs savings by not having to reimburse the utilities for relocation costs.
- OPC prepared and delivered a cost estimate for the actual relocation of the third party (dry) utility owners for the Project.
- OPC has set weekly meeting with SoCal Gas on Thursdays;
- OPC has weekly discussions and is continuously setting meetings with affected communication companies (AT&T, CVIN, Ducor, Charter).

Landowner Coordination and Outreach

- Outreach to landowners included follow-up engagement with landowners fronting Avenue 32 between Roads 184 and 192. Landowners support a County of Tulare recommendation to vacate the road and avoid the expense of a siphon across Avenue 32. A draft maintenance and access agreement has been developed and is under review.
- Continued assistance to the appraisal and acquisition team for contacts with landowners, including support to identify and solicit support for access easement to properties subject to isolation by the Project; provide updated phone contact information; review and address application of Warren Act facilities within the Project area in coordination of Friant District managers and FWA; and facilitate response to potential real estate actions that tier from comments provided by a Friant Division irrigation district.
- Continued coordination and facilitation of weekly internal and Project-level Right-of-Way Team meetings, coordination meetings with County of Tulare staff, and other ad-hoc meetings, as necessary. ROW meetings are held on alternating weeks. The internal meetings include FWA, BRI, OPC staff and focus on appraisal and real estate activities, utility relocations, and landowner coordination.
- Completed coordination of release of the Project's Final EIR in coordination with Reclamation on September 18. Notification of release included posting of documents on www.friantwater.org/projects, and notification to landowners, agencies, and other interested parties through email and U.S. Mail distribution, and the weekly Friant Water Update.

FUTURE ACTIVITIES PLANNED. The following activities are planned for the next reporting period.

- **Feasibility Report** – Continue the Ability to Pay analysis.
- **Environmental Compliance, Cultural Resources and Permitting** – Continue coordination calls with Reclamation and FWA. Continue permitting support for the project including: follow-up for the ISR/VERA with the SJVAPCD, follow-up as needed for the 401 permit application to the Regional Board and 1600 notification to CDFW for the Deer Creek and White River crossings; continue to coordinate with the ACOE to determine appropriate permit [letter of permission/individual permit] and prepare 404(b)(1) Alternatives Analysis and permit application for submittal to the ACOE.
- **Engineering and Design** – Reclamation to complete 100% design submittal back check and team to respond to any comments received. Anticipate receiving direction on prioritization of construction sequencing and next steps to support Reclamation in issuance of solicitation for competitive proposals. Complete updated cost estimate. Continue to support the utility relocation coordination and designs prepared by others. Continue to coordinate with Friant Division Contractors on the turnout designs and conduct alternative analyses. Submit design to Caltrans that incorporates review comments received. Continue coordination with Caltrans and Tulare County on the design. Support permit applications as needed. Continue to support Reclamation’s construction and contracting team.
- **Land Acquisition:**
 - BRI will work with Reclamation on the process to complete the additional access easement appraisal process. These access easement appraisals will not need to go to AVSO for approval.
 - BRI will continue to process the initial Approval to Acquire following Reclamation’s approval of Just Compensation. Initial purchase agreements will continue to be processed for review and approval by FWA and Reclamation.
 - BRI will also continue completing Preliminary Title Report Opinions for submittal to Reclamation, these are completed for the general counsel on each First Written Offer submittal to Reclamation for review.
 - BRI will continue to work with the sellers to complete the purchase.
 - Deeds for the County Road ownerships are currently being drafted and will be finalized by Reclamation and delivered to the County by the end of the month. The County will then prepare documents for the County Board of Supervisors to transfer ownership. This is anticipated to be completed in the next 3 months.
 - OPC will continue research and review of prior rights documents.
 - OPC has set of formal meetings with SCE and all conflicting utility owners to go over relocation mapping issues.
 - OPC will continue to work with the utility companies to find solutions to the relocation issues.
- **Landowner Coordination and Outreach:** Activities for the period included continued facilitation of weekly Right-of-Way team meetings (internal and external) and facilitation of bi-monthly coordination meetings with County of Tulare staff. Appraisal and acquisition support included contacts with landowners for preparation of access easements for properties that are subject to isolation from a public road by the Project. Staff additionally prepared a draft access and joint maintenance agreement

for the planned vacation of Avenue 32 between Roads 184 and 192. Website support during the period included posting of a PowerPoint presentation for the Oct. 22 Executive Committee meeting under the title: "Final Environmental Impact Report and presentation of Board Action Items for upcoming October 22nd Board Meeting."

RECOMMENDED ACTION:

None.

SUGGESTED MOTION:

None.

DATE: October 22, 2020

TO: Board of Directors

FROM: Jason Phillips, CEO; Doug DeFlicht, COO; and Brian Thomas

SUBJECT: FKC Middle Reach Capacity Correction Project Update – Project Funding

BACKGROUND:

The FKC Middle Reach Capacity Correction Project (Project) is needed to correct the conveyance capacity problems caused by subsidence and original canal design deficiencies. Funding for the Project is anticipated from federal and non-federal sources. Non-federal sources could include Friant Contractors, Groundwater Sustainability Agencies, and state funding.

DISCUSSION:

As previously discussed with the Executive Committee, staff has been working to secure funding and agreements including the following:

- a. Cost Share Agreement with Reclamation. Friant and Reclamation will need to execute a cost share agreement with Reclamation to define the federal and non-federal cost responsibilities, along with a description of benefits and obligations associated with funding the Project. Negotiations with Reclamation are ongoing, with board consideration and action expected near the end of 2020 or January 2021.
- b. Repayment Agreement with Reclamation. The fiscal year 2020/21 budget includes \$5 million for self-funding a portion of the Project. As described last month, up to \$50 million of OM&R funding would be provided to the Project through a combination of “self-funding”, repayment agreement with Reclamation and, if necessary, a bank borrowing. The latter two funding methods would be repaid over time, mitigating impacts on Friant Division Contractors. A portion of expected WIIN Act funding through Reclamation will have to be reimbursed. As such, a repayment agreement with Reclamation will be required to describe the financial terms, including annual payments, the time period over which the repayments are made, and the interest rate, among other things. The repayment agreement is dependent on federal appropriations and congressional approval of Reclamation’s request for funding in the 2020/21 federal budget.

- c. Non-Reimbursable Federal Funds. It is anticipated the WIIN Act funding requested by Reclamation will be included in the 2020/21 federal budget, including non-reimbursable funding for the Project.
- d. Groundwater Sustainability Agency Funding. Friant is close to finalizing its negotiations with the Eastern Tule Groundwater Sustainability Agency regarding subsidence mitigation contributions to help fund the Project. It is anticipated that similar funding agreements will be reached with other Tule Subbasin GSAs that have been identified as responsible for additional subsidence impacts to the FKC.
- e. WIFIA Loan. Friant submitted a Letter of Interest for a loan under the Water Infrastructure Finance and Innovation Act (WIFIA) program on October 15, 2020. WIFIA loans are low interest loans with flexible structuring provisions. There are still legislative hurdles to clear in order for the Project to be eligible for a WIFIA loan, but to best position the Project to be eligible for a loan under the WIFIA program, the Letter of Interest will be submitted for this round of funding. The Letter of Interest is the first step in the process, and any application and loan agreement will need to be reviewed and approved by the board.

Zone 3 Funding Districts. Friant and Districts interested in providing Zone 3 loans or acquiring Zone 3 capacity are discussing deal points and terms associated with these contributions. Friant staff met with the Districts who have expressed interest in Zone 3 funding, as well as other Friant Unit Contractors on October 14, 2020. Among the many issues discussed included needed funding and cash flows associated with the initial phase of the Project. As shown in Table 1. below, it is anticipated that the Notice to Proceed for the Project could be provided to the contractor as early as April 2021. In order to meet that schedule, it will be necessary to identify funding and have strong enough commitments to backstop funding that could come from the GSAs or federal or state funding.

The current estimate of quarterly cash flows is shown in Table 2. The table shows federal (including reimbursable and non-reimbursable federal funding) and non-federal funding. The non-federal funding could come from the GSAs, the FWA “Family Plan”, Zone 3 funding Districts, and state funding. In order to move forward on the current schedule, it is expected that funding commitments from Zone 3 funding Districts would be required to meet the schedule shown in Table 1.

Table 1. Milestones and Estimated Schedule

Milestone	Estimated Date
Complete Eastern Tule Negotiations	November 15, 2020
Approve Cost-Share Agreement	November/December 2020
First Zone 3 Loan Commitment	February 12, 2021
Award Construction Contract	April 15, 2021
Initiate Earthwork for D&E	July 1, 2021

Initial Zone 3 Cash Contribution	October 1, 2021
Second Zone 3 Commitment	November 1, 2021
Initiate Construction of Segment F	July 1, 2022
Zone 3 Cash Contributions for Second Phase Construction	August 1, 2022

Table 2. Estimated Construction and Funding Cash Flows (D&E)

Calendar Year	Construction Costs	Federal Funding	FWA OMR	Zone 3 Total
Prior Periods	22,804,000	20,164,000	2,640,000	-
2020 Q4	5,737,000	4,302,750	1,434,250	-
2021 Q1	7,753,000	5,814,750	1,938,250	-
2021 Q2	17,462,000	13,096,500	1,627,500	2,738,000
2021 Q3	7,622,000	5,716,500	-	1,905,500
2021 Q4	28,820,000	21,615,000	4,254,000	2,951,000
2022 Q1	31,952,000	23,964,000	-	7,988,000
2022 Q2	34,465,000	18,432,500	-	16,032,500
2022 Q3	29,376,000	-	-	29,376,000
2022 Q4	19,214,000	-	-	19,214,000
2023 Q1	5,196,000	-	-	5,196,000
2023 Q2	5,434,000	-	-	5,434,000
2023 Q3	5,434,000	-	-	5,434,000
2023 Q4	4,944,000	-	-	4,944,000
2024 Q1	-	-	-	-
2024 Q2	-	-	-	-
2024 Q3	-	-	-	-
2024 Q4	-	-	-	-
Total	226,213,000	113,106,000	11,894,000	101,213,000

Early Commitment Incentives. The Zone 3 funding Districts noted their desire for incentives to provide early funding commitments (as shown in Table 1, by February 12, 2021.) The following two concepts are the foundation for current discussions regarding appropriate incentives for Districts to provide a funding commitment to enable the Notice to Proceed to be given to the contractor:

- a. Minimum Zone 2 capacity. Regardless of the final capacity of the Project, many Friant Unit Contractors have expressed their concerns about Districts acquiring “dedicated” capacity at levels less than historic delivery capacity of the Friant-Kern Canal.

- b. Incentives for early funding commitments. Districts that provide early funding commitments in the form of loans are taking on the risk that the loan will not be repaid or the loan will not be repaid in a timely manner. These Districts are providing necessary financial support to ensure the Project can move forward on the current schedule and seek incentives to provide such financial commitment.

The following concepts were discussed as ways to balance these two issues.

CAPACITY UP TO 2,500 CFS

FWA will initially only be approving Zone 3 “loan” for the capacity up to 2,500cfs. A Friant Contractor who commits to provide funding by February 12, 2021 would have priority in the capacity created above Zone 2 “shared funds” until the loan is repaid. The amount of Zone 3 capacity would be reduced proportionally as the loan is repaid. The Zone 3 loan would have a “first lien” on GSA or other Zone 2 funding payments until the loan was repaid. The Zone 3 funding District would also receive a return of 2%¹ per annum on any unpaid balance (in addition to the principal and interest incurred by the Zone 3 funding District). To the extent GSA or other Zone 2 funding was not enough to pay this amount in any year, the interest would continue to compound through the three year period or until such time as the loan was repaid (but, no longer than thirteen years). The funding commitment may be greater than the actual loan since funding from other sources (e.g., GSA payments, federal funding or FWA OM&R funding) may be realized before construction funding is required from the Zone 3 funding District(s). At the funding District’s option, such committed funds could be used to acquire Zone 3 capacity if the funds are needed to build out the Project.

If the loan is not repaid within three years from the 1st day of the month after the Notice to Proceed to the contractor is issued, the Zone 3 funding District would have the following options:

- i. continue receiving reimbursement for its Zone 3 loan and the 2% interest for another ten-year period or when the loan is repaid, whichever occurs first; or
- ii. convert the Zone 3 capacity to a permanent capacity right and retain the priority immediately above the Zone 2 capacity existing after the first 3-year period.

CAPACITY ABOVE 2,500cfs

A Contractor has the following options for capacity above 2,500cfs:

- i. A contractor may provide a Zone 3 “loan” consistent with the terms described above; or
- ii. a Contractor may purchase Zone 3 capacity if the Project restores capacity in excess of 2,500 cfs. A District who commits to provide Zone 3 funding by February 12, 2021 to acquire Zone 3 funding will have the first priority to capacity above 2,500 cfs.

¹ The 10-year Treasury Rate as of 10/13/2020 was 0.73%. The proposed 2% interest rate is based on the Treasury, while a comparable municipal bond index (MMD) was 0.95%), plus an additional 1.05% to increase the incentive to attract funding in a timely manner.

Fees collected from non-funding agencies for use of such Zone 3 capacity will be distributed on a pro-rata basis, based on investment amounts.

Next steps. FWA will continue to work with the Zone 3 funding districts, and the GSAs to develop agreements needed to fund the Project and complete other agreements.

- a. Reach agreements with the Zone 3 districts to fund a portion of the non-federal share.
- b. Develop the term sheet for Zone 3 capacity.
- c. Complete the needed cost share and repayment agreements with Reclamation.

RECOMMENDED ACTION:

None; informational only.

BUDGET IMPACT:

None; informational only.

ATTACHMENT:

None.

AGENDA REPORT

NO. 15.B

DATE: October 22, 2020
TO: Board of Directors
FROM: Jason Phillips, CEO
SUBJECT: Central Valley Project Improvement Act Business Practice Guidelines (BPG)

DISCUSSION:

Reclamation has been attempting to finalize the CVPIA accounting and other related financial policies. This effort has required Reclamation to simultaneously resolve the following:

- Reconciliation of receipts (fees collected from water and power users)
- Reconciliation of costs to the CVPIA,
- Update the Business Practices Guidelines, to assure the Federal government is reimbursed for CVPIA activities in a manner consistent with law.

Over the past year, Friant Water Authority staff and consultants have been actively engaged in the technical and legal review of the draft documents prepared by Reclamation and have provided extensive input to Reclamation.

Recently, the environmental community and Grasslands Water District (representing wildlife refuges) have started an effort to reverse a pending decision by Reclamation on the CVPIA BG and to revise how it determines the reimbursability of CVPIA activities. You might recall that the changes that are proposed as a result of the true up process will correctly shift approximately \$400 million away from ratepayers. Attached is a fact sheet that FWA, SLDMWA, and TCCA produced to summarize the issue and has made available to members in DC. Also attached is the unfortunate perspective being shared by the GWD that argues for more money to be taken from water and power customers for zero benefit to California or the environment.

ATTACHMENTS:

1. Memo from FWA, SLDMWA, and TCCA explaining the CVPIA BPG
2. Memo from Grasslands Water District opposing the CVPIA BPG



Update to Central Valley Project Improvement Act Business Practice Guidelines

For more than two years, the Bureau of Reclamation (“Reclamation”) has been engaging Central Valley Project (“CVP”) water and power contractors in a process to resolve long-standing uncertainties related to the accounting practices associated with implementing the Central Valley Project Improvement Act (“CVPIA”). Many of the issues Reclamation is addressing have remained unresolved since CVPIA was passed in 1992. The resolution of these longstanding items will be finalized in Reclamation’s new Business Practice Guidelines for CVPIA Receipts, Program Accounting, Cost Allocation and Cost Recovery (“Guidelines”).

One of the key issues Reclamation has sought to resolve in its new Guidelines relates to how various CVPIA “receipts” – the funds CVP contractors contribute to implementing CVPIA in the form of fees and charges on water and power – and expenditures are accounted for. As part of this question, Reclamation will address which CVPIA implementing activities are partially or fully reimbursable by CVP water and power contractors. This is part of what Reclamation refers to as the CVPIA “true-up” and will be finalized in the Guidelines.

Reclamation is undertaking this process in light of a recent court decision (*NCPA v. United States*) which found that past practices regarding allocation of certain costs to power contractors are not in accordance with the requirements of the CVPIA. As a result, Reclamation has also been undertaking an evaluation of its cost allocation process relative to “proportionality”, or the allocation of receipts between power and water contractors. The results of this evaluation will also be captured in the new Guidelines.

Reclamation’s efforts to update the Guidelines have involved dozens of public workshops, document reviews, and individual stakeholder meetings since early 2019. Throughout, Reclamation has demonstrated both leadership in confronting challenging and long-standing uncertainties and increasing transparency regarding its process and decision-making. For many stakeholders who partially fund CVPIA implementation, this process has shown Reclamation’s staff and leadership to be open and responsive to stakeholder concerns and suggestions.

For example, a number of CVP water contractors raised some concerns that were favorably resolved by Reclamation, including the allocation of costs related to the expenditure of state trust funds, the allocation of costs under CVPIA Section 3406(b)(1) on non-CVP facilities and streams, and the allocation of costs under Section 3406(b)(21), the state fish screen program. Reclamation’s responsiveness and detailed engagement with its contractors is anticipated to reduce costs for its power and water contractors and their ratepayers by an average of \$400,000,000 for program implementation to date.



Like any entity implementing a complex program with a diverse set of stakeholders, Reclamation must contend with competing views, but has successfully created a balance that is consistent with over one hundred years of Reclamation law. We appreciate this challenge and would like to express our appreciation for Reclamation's work to advance stakeholder equity consistent with its legal requirements.

Importantly, nothing in the current draft of the Guidelines will affect water supply availability or prevent Reclamation from implementing the provisions of section 3406, including 3406(d) related to refuge supplies or sections related to Trinity River Restoration and the Anadromous Fish Restoration Program.

One of the unique aspects and benefits of the CVPIA program is the incredibly broad set of public benefit objectives, which are implemented by Reclamation and backstopped by CVP contractors. This broad scope provides a forum for a significant amount of joint federal-state actions that broadly benefit the public, but this broad authority requires a high-level of transparency in the development of the obligation plan and its associated costs. While the update to the Guidelines is not yet complete, it is our hope and expectation that the outcome of the process will be a set of operational guidelines and policies for implementing CVPIA that are consistent with the Act and more than a century of Reclamation law.

All parties with a stake in how CVPIA is implemented should have a say in the outcome of these processes, and we believe that Reclamation is allowing ample opportunities to water and power contractors, other interested groups, and the public, to engage in the process. We are encouraged by the increased transparency in CVPIA's accounting, implemented through Reclamation's proposed update to its Guidelines, and look forward to continuing the dialogue with Reclamation and the CVPIA implementation stakeholder community to ensure the program advances in a sustainable way.



A Different Perspective on Update to Central Valley Project Improvement Act Business Practice Guidelines

For more than five years, Grassland Water District (“GWD”) has engaged with the Bureau of Reclamation (“Reclamation”) and other Central Valley Project (“CVP”) water and power contractors regarding an update to the accounting guidelines for the Central Valley Project Improvement Act (“CVPIA”). To our alarm, in August, Reclamation gave two presentations on new and drastic changes to the draft guidelines. These last-minute changes drew pointed criticism from GWD, tribes, and dozens of environmental organizations in California, none of whom previously opposed the update.

One aspect of the guidelines update is a CVPIA “true up” that addresses which CVPIA activities are reimbursable or non-reimbursable by contractors. Despite the fact that Congress designated three core CVPIA programs as fully reimbursable, a late change to the guidelines now casts *all* reimbursable costs as only “partially” reimbursable. We believe that this change creates significant legal exposure for Reclamation. It will unduly shift millions of dollars in CVP mitigation expenses to federal taxpayers. Retaining the correct interpretation would not significantly change the large benefits that water and power users will otherwise receive under the guidelines.

The guidelines also determine “proportionality” in collections between water and power users. This is in spite of the fact that the *NCPA v. United States* case is now in the remedy phase, and confidential settlement discussions are underway. In August, Reclamation announced that it would calculate power collections based on a single year of previous water collections (on a two-year lag). This sets up the potential for a worst-case scenario, where only two dry years could see collections cut by more than 50%, halting restoration projects and leaving Reclamation with the difficult choice whether to violate its legal and contractual obligations to the environment, ask Congress for emergency relief, or divert funds from other water and power accounts. Acknowledging this, Reclamation still refuses to consider ways to smooth out collections from power contractors, for instance by using a five-year average rather than a single year of water collections to calculate proportionality. This reasonable approach would not affect the total amount that power contractors will pay over time.

The surprise changes in August also included a decision by Reclamation not to follow its adopted Cost Allocation Study when calculating proportionality. Power contractors will receive an additional boon, to the tune of \$1 million per year, even though the guidelines already provide them with \$10 million in relief and CVP power rates remain far below the power market. This change harms all other CVP stakeholders.

Other last-minute changes have significant financial implications, but Reclamation will not disclose their overall effect. For example, a new decision to consider fish restoration projects on “non-CVP facilities and streams” as non-reimbursable federal expenditures could add hundreds of millions of dollars to the federal obligation. In August, Reclamation estimated that water and power contractors will receive approximately \$250 million in payment credits under the proposed guidelines. Now, water contractors expect that the credits will grow to \$400 million, yet nothing was disclosed to the public.

Not all stakeholders have received equitable engagement and transparency in this final rushed process. To be sure, the guidelines will adversely affect Reclamation’s ability to comply with the provisions of CVPIA section 3406, particularly the acquisition of Incremental Level 4 refuge water supplies and the Anadromous Fish Restoration Program. Overly reducing collections to the Restoration Fund also hamstring Reclamation’s ability to comply with the recently adopted Biological Opinions for the Long-term Operation of the CVP, which in turn affects water supply availability.

After Reclamation’s presentations in August, stakeholders were given little to no opportunity to have meaningful discussions. To our knowledge, all of the last-minute changes will remain in the guidelines. Ironically, we are in an era where many members of the California water community recognize the need for *more* environmental restoration to increase water and power supply reliability. The August changes to the guidelines, including the extreme variability in annual funding that will result, are unsustainable for ensuring future reliability, for the federal treasury, and for the environment.

AGENDA REPORT

NO. 15.C

DATE: October 22, 2020

TO: Board of Directors

FROM: Alex Biering, Government Affairs and Communications Manager
Johnny Amaral, Chief of External Affairs

SUBJECT: External Affairs Update

SUMMARY:

Update on State and Federal legislation and communications activities.

RECOMMENDED ACTION:

None; informational only.

SUGGESTED MOTION:

None; informational only.

DISCUSSION:

State Affairs

Senate Bill 559 reached Governor Newsom's desk on Sept. 3, 2020 after near-unanimous approval in the Legislature; he vetoed it on Sept. 28 (see attached message). In his veto message, the Governor noted that his administration is looking at how to "identify, develop, and evaluate solutions and funding that provides water supply and conveyance for the entirety of the state, not one project at a time." While FWA disagrees with his assessment and his veto, FWA staff have also been engaged in initial workshops to help inform the California Water Commission about priorities for potential future State investments in conveyance projects.

With the 2019-2020 legislative session now over, the California Legislature will effectively be on recess until reconvening full time for the 2021-2022 legislative session on January 4, 2021.

On Oct. 7, the Governor signed Executive Order N-82-20, which establishes that "it is the goal of the State to conserve at least 30 percent of California's land and coastal waters by 2030" in an effort to preserve and protect California's biodiversity. This effort will be overseen collaboratively among the California Natural Resources Agency, California Department of Food and Agriculture, California Environmental Protection Agency, and other state agencies, with input from "other governmental partners, California Native American tribes, experts, business and community leaders, and other stakeholders from across California..." The EO is similar to Assembly Bill 3030 (Kalra), which died just before the end of session this

past August. The EO lacks specific details on implementation, but FWA staff and consultants have been reaching out to contacts within the administration to better understand the intent of the order and next steps.

Federal Affairs

In a final attempt to strike a deal before the election, the White House proposed a \$1.8 trillion coronavirus relief package to Congressional Democrats (which included \$300 billion in aid for state and local governments), but the offer was largely rejected by both Democrats and Republicans in Congress. Since then, Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi (D-CA) have continued efforts to negotiate a relief package. Secretary Mnuchin said the President told him to “Keep at this until you get this done.” However, at a conference late last week, the Secretary said, “At this point, getting something done before the election and executing on that would be difficult, just given where we are in the level of details.”

On 10/13, Senate Majority Leader Mitch McConnell (R-KY) announced the Senate would vote on a narrow coronavirus relief bill this week, which is expected to include approximately \$500 billion in aid for hospitals, schools, an extension of unemployment benefit, and additional Paycheck Protection Program funding, among other provisions (details had not yet been released while this agenda report was being written). Within minutes of Majority Leader McConnell’s announcement, President Trump tweeted, “STIMULUS! Go big or go home!!!,” a message seemingly at odds with Majority Leader McConnell’s scaled-back approach. With both the White House and Congressional Democrats interested in approving a more robust relief package, the new \$500 billion package from Senate Republicans is not expected to further negotiations and the legislation is unlikely to receive the 60 votes needed to advance.

President Trump and Democratic presidential nominee Joe Biden participated in separate town hall events on 10/15. Both town halls began at 8:00 p.m. EDT. President Trump was in Miami and appeared on NBC while Democratic presidential nominee Joe Biden was in Philadelphia and appeared on ABC. The final presidential debate is currently scheduled to be in-person on October 22 at Belmont University in Nashville, Tennessee.

The House is in recess until November 16 while the Senate returned on October 19. The Senate Judiciary Committee is wrapped up its fourth day of Judge Amy Coney Barrett’s SCOTUS confirmation hearings on 10/15. The Committee will hold a vote on Barrett’s nomination on October 22 followed by a final Senate floor vote during the week of Oct. 26.

BUDGET IMPACT:

None.

ATTACHMENTS:

SB 559 Veto Message from Gov. Newsom (Sept. 28, 2020); Executive Order N-82-20 (Oct. 7, 2020); Family Farm Alliance Executive Director’s Report (October 2020); Letter from FWA to the Bureau of Reclamation on the Shasta Lake Water Resources Investigation Draft Supplemental Environmental Impact Statement (Oct. 5, 2020).



OFFICE OF THE GOVERNOR

SEP 28 2020

To the Members of the California State Senate:

I am returning Senate Bill 559 without my signature.

This bill requires the Department of Water Resources (DWR) to report to the Legislature on federal funding approved to restore the capacity of the Friant-Kern Canal, with a proposal for the state to pay for a share of the project.

California's major canal systems are aging and damaged by land subsidence. Local, state and federal systems all need repair. As established in the Water Resilience Portfolio, state agencies are holistically assessing the needs of all of California's water supply systems. This bill focuses on a single piece of conveyance and directs DWR to develop a proposal for the state to help fund this specific project. As we address California's water needs in the coming months and years, we need to evaluate, develop and identify solutions and funding that provides water supply and conveyance for the entirety of the state, not one project at a time.

Sincerely,

Gavin Newsom



EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-82-20

WHEREAS the well-being of our communities and California's economic sustainability are interconnected with our natural and cultural resources; and

WHEREAS the State's long-term vitality is threatened by the loss of biodiversity - the variety and variability of plant and animal life in our State - and the impacts of climate change; and

WHEREAS California's natural and working lands – our forests, rangelands, farms, wetlands, coast, deserts, and urban greenspaces – sustain our economy, support our unique biodiversity, contribute to the global food supply, support outdoor heritage and provide clean water and air; and

WHEREAS since time immemorial, California Native Americans have stewarded, managed and lived interdependently with the lands that now make up the State of California; and

WHEREAS California is home to more species of plants and animals than any other state, and this biodiversity accounts for about one third of all species found in the nation; and

WHEREAS soils are home to more than a quarter of the world's biodiversity and California boasts more than 2,500 different soil types; and

WHEREAS California's rich biodiversity is increasingly threatened by loss of habitat, spread of invasive species, decreasing water supplies, and increasingly frequent and severe climate impacts; and

WHEREAS the climate change crisis is happening now, impacting California in unprecedented ways including intensifying wildfires, mud slides, floods and drought, sea level rise and extreme heat, that threaten our economy, communities, public safety, and cultural and natural resources; and

WHEREAS as we work to mitigate greenhouse gas emissions, we must also accelerate actions to enable the State to adapt and become more resilient to the impacts of climate change, including expanding nature-based solutions – the use of sustainable land management practices to tackle environmental, social and economic challenges; and

WHEREAS national, subnational and indigenous leaders across the globe are coming together to accelerate implementation of nature-based solutions to our climate and extinction crises, improve the way land is managed to absorb carbon pollution from the atmosphere, build resilience by protecting communities and natural places from climate-driven disasters, and restore healthy ecosystems; and

WHEREAS addressing the biodiversity crisis and accelerating nature-based solutions requires inclusive partnerships and collaboration among federal, state and local governments, California Native American tribes, local communities,

businesses, investors, labor, conservationists, outdoor enthusiasts, academia, land managers, and other stakeholders.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California do hereby issue the following Order to become effective immediately to combat the climate and biodiversity crises:

IT IS HEREBY ORDERED THAT:

1. To combat the biodiversity and climate crises, the California Natural Resources Agency, in consultation with the California Department of Food and Agriculture, the California Environmental Protection Agency and other state agencies, is directed to establish the California Biodiversity Collaborative (Collaborative) to bring together other governmental partners, California Native American tribes, experts, business and community leaders and other stakeholders from across California to protect and restore the State's biodiversity. State agencies will consult the Collaborative on efforts to:
 - a. Establish a baseline assessment of California's biodiversity that builds upon existing data and information, utilizes best available science and traditional ecological knowledge, and can be updated over time.
 - b. Analyze and project the impact of climate change and other stressors on California's biodiversity.
 - c. Inventory current biodiversity efforts across all sectors and land managers and highlight opportunities for additional action to preserve and enhance biodiversity.
 - d. Expand the communication and use of information, indicators and tools to monitor, track and protect California's biodiversity and natural resources.
 - e. Advance multi-benefit, voluntary and cooperative approaches that protect and restore biodiversity while stewarding natural and working lands, building climate resilience, and supporting economic sustainability.
 - f. Engage stakeholders across California's diverse communities, including academic and research institutions; local and federal governments; California Native American tribes; outdoor recreation and access groups; fishing and hunting organizations; farmers, ranchers and other private landowners and land managers; environmental advocates and investors; housing and land use developers; educators; philanthropy, and others.
2. To support the global effort to combat the biodiversity and climate crises, it is the goal of the State to conserve at least 30 percent of California's land and coastal waters by 2030. The California Natural Resources Agency and other relevant state agencies, in consultation with the Collaborative, are directed to develop and report strategies

to the Governor no later than February 1, 2022 to achieve this goal in a manner that:

- a. Safeguards our State's economic sustainability and food security.
 - b. Protects and restores biodiversity.
 - c. Enables enduring conservation measures on a broad range of landscapes, including natural areas and working lands, in partnership with land managers and natural resource user groups.
 - d. Builds climate resilience, reduces risk from extreme climate events and contributes to the State's effort to combat climate change.
 - e. Expands equitable outdoor access and recreation for all Californians.
3. To advance efforts to conserve biodiversity, the California Natural Resources Agency is directed to take the following actions within existing authority and resources:
- a. Strategically prioritize investments in cooperative, high-priority actions that promote biodiversity protection, habitat restoration, wildfire-resilient, sustainably managed landscapes and other conservation outcomes.
 - b. Implement actions to increase the pace and scale of environmental restoration and land management efforts by streamlining the State's process to approve and facilitate these projects.
 - c. Collaborate with federal and state research institutions to utilize innovative scientific observation technology and with tribal partners to incorporate tribal expertise and traditional ecological knowledge to better understand our biodiversity and threats it faces.
 - d. Participate in regional, national and international efforts to advance biodiversity protection and help to stem extinctions across the planet.
4. To advance efforts to conserve biodiversity, the California Department of Food and Agriculture is directed to take the following actions with existing authority and resources:
- a. Coordinate with other relevant state agencies and private partners to reinvigorate populations of pollinator insects across the State, which restore biodiversity and improve agricultural production.

- b. Implement strategic efforts to protect California's native plants and animals from invasive species and pests that threaten biodiversity and economic activities.
 - c. Enhance soil health and biodiversity through the Healthy Soils Initiative.
5. The California Natural Resources Agency, the California Department of Food and Agriculture, the California Environmental Protection Agency, the Governor's Office of Planning and Research, and other state agencies, shall use existing authorities and resources to identify and implement near- and long-term actions to accelerate natural removal of carbon and build climate resilience in our forests, wetlands, urban greenspaces, agricultural soils, and land conservation activities in ways that serve all communities and in particular low-income, disadvantaged and vulnerable communities.
6. Within one year of this Order, the California Natural Resources Agency, in consultation with the California Environmental Protection Agency, the California Department of Food and Agriculture, the California Air Resources Board, Governor's Office of Planning and Research, the California Strategic Growth Council and other state agencies, shall develop a Natural and Working Lands Climate Smart Strategy that serves as a framework to advances the State's carbon neutrality goal and builds climate resilience.

In developing this Strategy, agencies shall be guided by the following principles:

- a. Promote healthy lands that provide multiple benefits including improved air quality, reliable water supply, thriving communities, and economic sustainability.
 - b. Advance equity and opportunity for all regions of California.
 - c. Support pathways for sectors such as agriculture and forestry to participate in the transition to a carbon neutrality economy.
 - d. Inform policies through public feedback gathered through extensive outreach to and equitable engagement with stakeholders including, but not limited to, land managers, federal, tribal and local governments, communities, environmental justice leaders, businesses, investors, non-governmental organizations, scientists and universities.
 - e. Align policies, programs, and funding mechanisms across state government, while identifying opportunities to catalyze and accelerate private investment and actions that contribute to the State's carbon neutrality goal.
7. As part of the next Scoping Plan process, the California Air Resources Board, in coordination with relevant state agencies, shall take into consideration the Natural and Working Lands Climate Smart Strategy

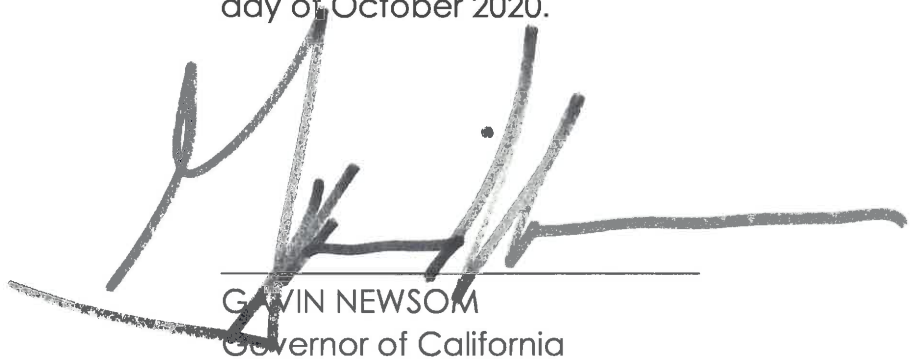
and science-based data to update the target for the natural and working lands sector in achieving the State's carbon neutrality goal.

8. The California Department of Food and Agriculture shall work with agricultural stakeholders to identify farmer- and rancher-led solutions to inform the next Scoping Plan process.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable of law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be offered this 7th day of October 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



MEMORANDUM

TO: BOARD OF DIRECTORS AND ADVISORY COMMITTEE
FROM: DAN KEPPEN, EXECUTIVE DIRECTOR
SUBJECT: EXECUTIVE DIRECTOR'S REPORT
DATE: OCTOBER 6, 2020
CC: MARK LIMBAUGH, NORM SEMANKO

This executive director's report (EDR) is intended to keep you apprised as to what is happening behind the scenes on policy issues the Alliance is engaged in, some of which we will discuss on our next joint ZOOM meeting of the Board of Directors and Advisory Committee, scheduled for **Friday, October 9, at noon (Pacific, including Arizona) 1:00 p.m. (Mountain); 2:00 p.m. (Central), 3:00 p.m. (Eastern)**. In the past month, our efforts have focused on the federal response to COVID-19, conducting our first "virtual" farmer lobbyist "trip", tracking water legislative developments in Congress, engaging in federal agency rulemaking efforts, and addressing some important administrative matters. These issues and other matters important to our members are further discussed in this EDR.

This report is intended for your use, but I understand that you may wish to share this information with your local board members and close associates. I would ask that you be circumspect when you distribute this, however.

TRUMP ADMINISTRATION ACTIONS

1. Administration Response to COVID-19 Pandemic

Early Friday morning, President Donald Trump and First Lady Melania Trump announced they had tested positive for the coronavirus. The President spent the weekend at Walter Reed National Military Medical Center in Bethesda, Maryland, receiving treatment since Friday afternoon. He was discharged from Walter Reed yesterday evening. It is still unclear how the President's diagnosis will affect the next two presidential debates, which are currently scheduled to take place on October 15 and October 22 in Miami and Nashville, respectively. It also remains to be seen

how the President's overall reelection campaign will be impacted, especially as other members of his team, including campaign manager Bill Stepien, also received positive coronavirus diagnoses.

a. Labor and CDC Statistics

DOL Secretary Eugene Scalia issued a [statement](#) regarding the October 2 Employment Situation Report. The report shows 877,000 private-sector jobs added back in September, but a seasonally-adjusted loss of 350,000 jobs in public and private education. The Secretary noted gains in lower-wage jobs in retail and leisure and hospitality, and manufacturing added 66,000 jobs. According to Secretary Scalia, more than half the jobs lost from the pandemic have now been restored.

A recent Center for Disease Control (CDC) COVID-19 national ensemble forecast indicates an uncertain trend in new COVID-19 deaths over the next month and predicts that 3,400 to 7,400 new deaths will likely be reported during the week ending October 17, bringing the national total to 214,000 to 226,000. The White House continues to emphasize that the test positivity rate is down among all age groups and has fallen below 5% for the first time since the pandemic began. The number of hospitalized patients has decreased by 43% from the mid-July. Nationally, people sick with COVID-19 make up only 1.5% of all emergency room visits - down to the lowest number yet. And the fatality rate has fallen 85% since April, due to lifesaving therapies and treatments. Brown University conducted a study of more than 550 schools and found that only 0.076 percent of students had confirmed cases of COVID-19 and 0.15 percent of teachers had confirmed cases. Individuals under the age of 50 have a 99.98 percent rate of survival from COVID-19.

b. Coronavirus Food Assistance Program

President Trump and U.S. Secretary of Agriculture Sonny Perdue last month announced up to an additional \$14 billion dollars for agricultural producers who continue to face market disruptions and associated costs because of COVID-19. Signup for the Coronavirus Food Assistance Program (CFAP 2) will began this month and will run through December 11, 2020. The U.S. Department of Agriculture (USDA) will use funds being made available from the Commodity Credit Corporation (CCC) Charter Act and CARES Act to support row crops, livestock, specialty crops, dairy, aquaculture and many additional commodities. USDA has incorporated improvements in CFAP 2 based on stakeholder engagement and public feedback to better meet the needs of impacted farmers and ranchers. Producers can apply for CFAP 2 at USDA's Farm Service Agency (FSA) county offices. This program provides financial assistance that gives producers the ability to absorb increased marketing costs associated with the COVID-19 pandemic. Producers will be compensated for ongoing market disruptions and assisted with the associated marketing costs. Additional information and application forms can be found at farmers.gov/cfap.

c. Farmers to Families Food Box Program

Secretary Perdue recently announced that more than 100 million food boxes have been distributed in support of American farmers and families affected by the COVID-19 pandemic through the USDA Farmers to Families Food Box Program. Last month, USDA announced it had entered into

contracts with 50 entities for the third round of food box deliveries, which include contracts to purchase up to \$1 billion authorized by President Trump.

2. Other White House Policy Developments

a. Completion of Actions Under the Western Water PM

The White House Council on Environmental Quality (CEQ) last week joined the Departments of the Interior, Commerce, Energy, the U.S. Army Corps of Engineers, and the U.S. Environmental Protection Agency in announcing the completion of all actions directed by the October 2018 [Presidential Memorandum on Promoting the Reliable Supply and Delivery of Water in the West](#) (Western Water PM). Under President Trump's directive, agencies efficiently coordinated to complete the environmental reviews of major water infrastructure projects in California, Oregon, Washington, Idaho, and Montana, to meet the needs of agricultural communities and other water users within the region. The actions in the Western Water PM, which were completed in under two years, will support reliable water supplies for the American West and promote economic prosperity in the region. For more details, please see the CEQ press release [here](#). [Click here](#) to see what the Family Farm Alliance, other stakeholders, and Members of Congress are saying about this important development.

b. New NEPA Rule

Federal Judge James Jones of the U.S. District Court for the Western District of Virginia has denied environmental groups' request in *Wild Virginia, et al. v. CEQ, et al.* to issue a preliminary nationwide injunction. If successful, the plaintiff's claims would have prevented the CEQ's rule streamlining how agencies implement the National Environmental Policy Act (NEPA) from taking effect on September 14. However, there have been several legal challenges filed against the NEPA rule which are still in the courts. A coalition of 20 "blue" (Democrat) states led by California Attorney General Xavier Becerra (D) told CEQ they intend to file more claims against the Administration's controversial updates to NEPA, with their most recent complaint claiming the changes violate the Endangered Species Act (ESA).

The White House issued its new rules on NEPA in July, arguing that the guidance will streamline the permitting process for a range of infrastructure projects. The notice of intent to sue will give the states 60 days to amend a similar complaint they have pending at the U.S. District Court for the Northern District of California to include the new ESA claims. The states say CEQ didn't do its due diligence as required by the ESA when it promulgated the new rules on how NEPA should be carried out. Other lawsuits are pending at district courts in New York, Virginia and California.

Meanwhile in Congress, House Republicans on September 22 introduced a bill that would legislate the CEQ NEPA rule changes into the law. H.R. 8333, the "*Building U.S. Infrastructure through Limited Delays & Efficient Review (BUILDER) Act*," was introduced by Rep. Garret Graves (R-LA), ranking member of the House Select Committee on the Climate Crisis and

several other panels. The bill would institutionalize many of the proposed NEPA changes, imposing time limits for project reviews under NEPA and making those final actions more difficult to challenge. Earlier in the month, Sen Mike Lee (R-UTAH) introduced the Senate companion to H.R. 8333, the *NEPA Agency Process Accountability Act of 2020* (S. 4591). The Family Farm Alliance last month transmitted a letter to Rep. Graves in support of his bill, and was quoted in Rep. Grave's press release.

3. Environmental Protection Agency (EPA): Regulatory Guidance Transparency

EPA last month announced their final rule on regulatory guidance transparency. The final rule will significantly increase the transparency of EPA's guidance practices and will improve the agency's process for managing guidance documents. The rule, among other elements, will:

- Establish the first formal petition process for the public to request that EPA modify, withdraw or reinstate a guidance document.
- Ensure that the agency's guidance documents are developed with appropriate review and are accessible to the public.
- Allow public participation in the development of significant guidance documents.

In October 2018, President Trump issued Executive Order 13891, Promoting the Rule of Law Through Improved Agency Guidance Documents, to promote transparency by ensuring that all active guidance documents are made available to the public. A central principle of EO 13891 is that guidance documents should only clarify existing obligations and that they should not be a vehicle for implementing new, binding requirements on American businesses. Prior to the latest EPA action, the agency in July finalized a guidance portal that provides public access to agency guidance documents. In doing so, EPA brought over 9,000 guidance documents out of the darkness and made the entire set of active guidance available to the public for the first time. To access the portal, please visit: <https://www.epa.gov/guidance>.

4. Department of Interior, Bureau of Reclamation

a. WaterSMART Watershed Management Grants Available

The Bureau of Reclamation has released the [FY 2020 WaterSMART Grants: Cooperative Watershed Management Program \(Phase II\)](#). This program provides funding to implement on-the-ground watershed management projects, collaboratively developed by members of a watershed group, that will address critical water supply needs, water quality concerns, and restoration needs, helping water users meet competing demands and avoid conflicts over water. Eligible applicants are established watershed groups, and are located in the Western United States and U.S. territories. In FY 2020, approximately \$2 million is available to support up to \$300,000 per award. Awardees must also provide 50 percent or more of project costs, and cost share may be made through cash, costs contributed by the applicant, or third-party in-kind contributions. Applications are due November 17, 2020.

b. Title Transfers

U.S. Secretary of the Interior David L. Bernhardt last month was joined by Governor of Utah Gary Herbert, U.S. Senators Mike Lee and Mitt Romney, U.S. Congressmen Rob Bishop and John Curtis and other officials as he transferred the ownership of the first two federal water facilities to local ownership under a law signed by President Trump last year. The *John D. Dingell Jr. Conservation, Management and Recreation Act* expedites the title transfer process for eligible federal projects, such as dams, canals, laterals and other water-related facilities. The actions convey title and full ownership of the Emery County Project in east-central Utah to the Emery County Water Conservancy District and the Uintah Basin Replacement Project in northeastern Utah to the Moon Lake Water Users Association.

Reclamation last month also notified Congress of its intent to transfer ownership of federal irrigation facilities and lands to other local entities in Idaho and Utah. The Minidoka Irrigation District, located in Idaho, will take ownership of the facilities and approximately 403 acres of lands in support of the Project's Gravity Division. A&B Irrigation District, located near Rupert, Idaho, will take ownership of the facilities and approximately 1020 acres in support of the North Side Pumping Division. Reclamation also notified Congress of its intent to transfer ownership of the Hyrum-Mendon Canal and Wellsville Canal, which are part of the Hyrum Project in Cache County, Utah, to the Wellsville-Mendon Conservation District. As required by the *Dingell Act*, those actions trigger a 90-day congressional waiting period, after which the Department will complete the ownership transfer unless the Congress enacts a joint resolution disapproving the transfers within that time period.

Title transfer is an important issue to the Family Farm Alliance. In late 1997, the organization launched an initiative to encourage Congressional action on pending project title transfer legislation. That effort was successful, and ultimately led to the historic transfer of title to the Burley Irrigation District in Idaho two years later. For several decades, approximately 1.2 transfers per year were completed by Reclamation. With the new Interior authority and *Dingell Act* provisions, six transfers will likely be completed in 2020 alone.

5. U.S. Department of Agriculture: Agriculture Innovation Agenda

To further USDA work on the [Agriculture Innovation Agenda \(AIA\)](#), the department last month announced it is seeking public- and private-sector input on the most innovative technologies and practices that can be readily deployed across U.S. agriculture. USDA is looking for ready-to-go technologies and practices to achieve its goal of increasing agricultural production by 40% to meet global population needs in 2050 while cutting U.S. agriculture's environmental footprint in half. To help identify and accelerate adoption of ready-to-go innovations, USDA is currently accepting public comments and written stakeholder input through its [Request for Information](#) (RFI) through November 9, 2020, which is published on the *Federal Register*. USDA emphasizes that input is welcome from the private sector, not for profits, farmers, forest sector, trade associations, commodity boards and others involved in the supply chain or development of widely applicable practices, management approaches or technologies.

The Family Farm Alliance, working with its allies in the Western Agriculture and Conservation Coalition (WACC), is formulating a letter in response to this request, which will address water technology matters, and others. Based on stakeholder input from the RFI, USDA will develop a comprehensive U.S. agriculture innovation technology strategy for its customer-facing programs. USDA has launched a new [AIA website](#) where visitors can access information on the latest research and data, innovative conservation technologies offered via USDA programs, and other conservation resources. Visitors can also stay up to date on USDA's accountability metrics and learn about the experiences of producers who share similar paths to success.

6. Army Corps of Engineers: New Nationwide CWA Permits

The Corps announced it is seeking comments on its [proposal](#) to renew and revise 52 nationwide permits for work in wetlands and other waters that are regulated by Section 404 of the Clean Water Act and/or Section 10 of the Rivers and Harbors Act of 1899. In addition, the Corps is proposing to issue five new nationwide permits that pertain to authorizing seaweed mariculture activities, finfish mariculture activities, electric utility line and telecommunications activities, utility line activities for water and other substances, and water reclamation and reuse facilities. The current set of nationwide permits expire on March 18, 2022. The proposed renewed and revised permits will replace the existing set.

The nationwide permits authorize activities that are similar in nature and cause only minimal adverse environmental impacts to aquatic resources separately or on a cumulative basis. Activities range from work associated with aids to navigation and utility lines to residential developments and maintenance activities. Many of the nationwide permits being proposed remain unchanged from 2017, the last time the nationwide permits were authorized. A [public notice](#) soliciting comments on the proposed set of revised nationwide permits was recently published in the *Federal Register*. The comment period will end on November 16. More information can be found [here](#).

DEVELOPMENTS IN CONGRESS

President Trump and three U.S. Senators contracted the COVID-19 virus last week, potentially impacting everything from the election to the vacant Supreme Court seat. The House is in recess this week and is scheduled to return to Washington on November 16. Mark Limbaugh reports that the Senate was originally scheduled to be in session this week, but Senate Majority Leader Mitch McConnell (R-KY) decided to adjourn the Senate through October 19 after President Trump and three Senators (Mike Lee [R-UTAH], Thom Tillis [R-NC], and Ron Johnson [R-WI]) tested positive for the coronavirus over the past several days.

Even with the two-week adjournment for the upper chamber, Senate Judiciary Committee Chairman Lindsey Graham (R-SC) on Monday formally scheduled the Committee to start its days-long hearing for Judge Amy Coney Barrett's Supreme Court nomination on Oct. 12. The days-long hearing will pave the way for a committee vote on Barrett's nomination on Oct. 22. Senate Republicans want to confirm Barrett on the Senate floor during the final week of October.

7. COVID Response

Mark Limbaugh reports that President Trump over the weekend pressed for a deal on another round of pandemic aid to jolt the U.S. economic recovery, saying the country “wants and needs” fiscal stimulus. House Speaker Nancy Pelosi (D-CALIFORNIA) said on Friday that negotiations with the White House will press ahead and Trump’s COVID-19 diagnosis might change the tenor of the talks by underscoring the seriousness of the pandemic. Treasury Secretary Steven Mnuchin tested negative for COVID-19 on Saturday, according to a person familiar with the matter. The two sides remain far apart on how much of a boost to provide and what it should target. Democrats in the House on Thursday passed their revamped \$2.2 trillion HEROES Act—down from the \$3.4 trillion plan they passed on May 15—as their latest offer. Mnuchin has proposed a plan of about \$1.6 trillion. Leader McConnell said on Friday that the talks have “speeded up in the last few days,” though he did not make a prediction about the eventual outcome. House lawmakers could return to Washington for a vote, or vote via proxy, at some date in October if a deal is reached.

The Senate last month passed the *Continuing Appropriations Act, 2021 and Other Extensions Act* (H.R. 8337), to keep the federal government funded through December 11 at enacted FY2020 levels and avoid a government shutdown. The House passed the bill earlier in the month by a vote of 359-57-1. President Trump signed the bill into law before the end of September. The bill contains no coronavirus relief provisions.

8. WIFIA Improvement Act

A bipartisan group of Congressmen, led by Rep. John Garamendi (D-CALIFORNIA) and Dan Newhouse (R-WASHINGTON), last month introduced the *WIFIA Improvement Act* (H.R.8217), which would amend the *Water Infrastructure Finance and Innovation Act of 2014* (WIFIA). This bill would provide a new 55-year loan term for WIFIA financing and clarify that WIFIA financing may be used for works that were constructed by the federal government, through agencies such as Reclamation, but have been contractually transferred to be operated and maintained by a local non-federal agency (transferred works). The Family Farm Alliance is on record for formally supporting H.R. 8271, as are the American Society of Civil Engineers, American Public Works Association, National Water Resources Association, Friant Water Authority, and San Joaquin River Exchange Contractors Water Authority. Similar WIFIA provisions are included in the Senate version of the 2020 Water Resources Development Act.

9. Senator Barrasso ESA Legislation

The Senate Environment and Public Works (EPW) Committee last month held a legislative hearing on S. 4589, the *Endangered Species Act Amendments of 2020*. The bill, introduced by Chairman John Barrasso (R-WYOMING), would amend the ESA to “elevate the role of states and increase transparency in the implementation of the” act. Witnesses at the hearing included Wyoming Governor Mark Gordon, Aliese Priddy (owner and Operator, JB Ranch); and Jamie Rappaport Clark (President and CEO, Defenders of Wildlife).

Committee Chair Barrasso used his opening statement to emphasize the stakeholder input and bipartisan negotiations that took place to draft S. 4589. Chairman Barrasso drew attention to a controversial provision in the bill that would delay the ability of a federal court to overturn a delisting rule during the ESA's required five-year monitoring program for a species that has fully recovered and delisted. Ranking Member Tom Carper (D-DE) stated his disappointment that the proposed legislation does not prioritize increased funding for federal agencies or states. He also expressed concern over the delisting provisions discussed by the Chairman, highlighting that the legislation includes a "sweeping judicial review prohibition that limits the public's opportunity to challenge delisting decisions that may not be supported by the best available science or otherwise may not be fully compliant with the law."

Senator Barrasso's legislation was inspired by the bipartisan Western Governors' Association's (WGA) Species Conservation and Endangered Species Act Initiative. Representatives from the Family Farm Alliance played a prominent public role in several of the 2015 WGA public meetings and webinars, and participated in every WGA workshop associated with that initiative. The bipartisan spirit of that initiative has dissipated within the halls of Congress in recent years, a factor that may have contributed to the lack of diverse stakeholder support for the bill.

The Alliance generally supports the *Endangered Species Act Amendments of 2020*. The legislation includes a number of provisions of interest to our members. Some support the delisting, down-listing, and up-listing provisions, as well as the more informed process for species recovery provisions of the bill. Others believe the controls placed on intervention and attorneys' fees are long overdue. Interestingly, in the five years since the WGA initiative – due in part, to the political dynamics within some of our individual Western states – Alliance members' views of the role of states in species recovery have evolved, resulting in a range of perspectives. Some of our members believe the committee's legislation levels the playing field in a number of areas for states, landowners, and conservation groups. Others are concerned with the new emphasis and elevated role and authority of states in ESA decision making and implementation. The Alliance and many others working with Senator Barrasso in this Congress expressed appreciation for his leadership on this critically important issue.

10. *Snow Water Supply Forecasting Program Authorization Act*

The Alliance last month sent a letter urging the Senate Committee on Energy and Natural Resources to hold a hearing and advance the *Snow Water Supply Forecasting Program Authorization Act* (S. 4530), to establish an airborne snow observatory (ASO) and measurement program within the Department of the Interior. The legislation would create a federal unified program for mountain snowpack readings and ensure that the most proven snowpack measurement methods, like ASO, continue to receive federal investment. The establishment of this program will help water managers and users with water conservation, supply, and delivery forecasts across the West. A similar letter was sent to the House Committee on Natural Resources.

11. Congress Sends ACE Act to White House

President Trump will soon sign into law another major bipartisan conservation package seen as a win for wildlife advocates and the sportsmen community. The legislation, S. 3051, would authorize more than \$1 billion for federal wildlife and habitat programs through 2025, as well as address the challenges of animal disease and invasive species. The House passed the measure Thursday under expedited procedure by voice vote, two weeks after the Senate passed the measure by voice vote. The *America's Conservation Enhancement Act*, or ACE Act, is the second major conservation package Congress has sent to the president's desk this year. Among other things, the ACE Act would create a program focused on preserving fish habitats, create a Chronic Wasting Disease task force to help merge state and federal efforts to combat the disease, and reauthorize the *2003 Nutria Eradication and Control Act*, which currently provides grants to Maryland and Louisiana to eliminate and control nutria, a giant rodent threatening waterways. The President is also expected to sign into law [HR 3399](#), which would expand the program's eligibility to California and other states and provide \$12 million for nutria control, research and related efforts.

12. Democrats question Army Corps on WOTUS implementation

Mark Limbaugh reports that House Transportation and Infrastructure (T&I) Chairman Peter DeFazio (D-OREGON) and Rep. Grace Napolitano (D-CALIFORNIA), Chairwoman of the Subcommittee on Water Resources and Environment, sent a [letter](#) to the Hon. R.D. James, the Assistant Secretary of the Army for Civil Works, criticizing the Trump Administration's new *Navigable Waters Protection Rule*. The letter requests data supporting the Army Corps' decisions for, among other things, jurisdictional determinations and non-jurisdictional determinations over "waters of the U.S." while calling the Administration's new rule the "Dirty Water Rule". Chairs DeFazio and Napolitano said EPA and the Corps have an obligation to reveal how they are implementing the rule and the basis for making regulatory decisions or jurisdictional determinations about what lands fall under the Clean Water Act, indicating they want to ensure such a process is not driven by politics as opposed to science.

ALLIANCE INITIATIVES

13. Climate Smart Agriculture: Sustainable Development Goals (SDG) White Paper

Alliance President Pat O'Toole and I are part of the team developing Solution from the Land's Sustainable Development Goals (SGD) white paper, which has forged consensus on the framework outline of the report and drafting is now underway. The report will offer a "farmers roadmap" for SDG attainment and is being written for an audience consisting of member states, policy makers, the research community, private sector partners, civil society and most importantly- farmers and the organizations that represent them. The report will include case studies of farmers using CSA systems and practices and hopefully a video series where the farmers we are featuring will showcase their operations on film. Pat and I recently put together a 3,000 word essay on water management and infrastructure needs associated with dealing with changing climate in the West to be included in this white paper.

14. 2020 Virtual “Farmer Lobbyist” Meetings

A group of Family Farm Alliance members spent much of last week in front of their computers, virtually meeting with Trump Administration officials and Congressional staffers as part of our 2020 “virtual” Farmer Lobbyist trip. The Alliance annual farmer lobbyist trip is one of the cornerstone programs of our organization. It was created to allow farmers, ranchers and water managers to interact directly with elected officials and other policymakers in Washington, D.C. This year’s farmer lobbyist trip was a “virtual” event, presenting a unique opportunity for our members to share with Members of Congress and the Administration the important issues that impact our industry. Participants had the opportunity to engage directly with high-level Trump Administration officials and Congressional committee staff, and gain insight into what lawmakers and policymakers are saying about the issues impacting Western irrigated agriculture. The virtual farmer lobbyist meetings allowed us to again deliver the diverse but unified voice of irrigated agriculture champions in Washington, D.C.

This year’s farmer lobbyist group included representatives from Arizona, California, Idaho, Nevada, New Mexico, Oregon, Washington and Wyoming. You can be proud of the performance of this year’s farmer lobbyists. Once again, Mark Limbaugh of The Ferguson Group (DC) was our fearless leader, and he was ably assisted by Chris Kearney and Zach Israel from TFG. Tina Dykstra (TFG) did a masterful job putting together an incredible itinerary and keeping us updated with schedule changes. The Teams meeting platform worked well, I thought.

Since March, much of the Alliance’s attention has been focused on looking for ways to include Western water infrastructure provisions in stimulus programs intended to address the impact of the COVID-19 pandemic on our industry. Congress in recent months has been struggling with negotiating another COVID relief package. Later this fall, a separate water infrastructure package will likely be negotiated. The Trump Administration continues to make encouraging progress on modernizing implementation of decades old federal environmental laws, and taking other actions to improve water supply reliability and management flexibility for Western irrigators. Meanwhile, out West, a burning siege of massive, destructive wildfires threatens rural communities and important watershed areas.

With that backdrop, our primary focus for the 2020 Farmer Lobbyist virtual meetings was for Alliance representatives to discuss critical Western water policies and issues, through three key actions:

1. Express support for congressional action and Administration efforts to modernize implementation of federal environmental laws. Encourage continued efforts that improve water supply reliability, agency coordination, water management flexibility, and wildfire and watershed management.
2. Weigh in on current water legislation in Congress. Advocate for the need to expand and improve water supply and management infrastructure, including extending and expand federal funding/financing tools for aging water storage and delivery infrastructure.

3. Tell impactful stories about producer and water manager efforts during the pandemic, and underscore the importance of irrigated agriculture to our food supply chain and national security.

This year's Alliance participants did a great job of describing local water challenges and experiences (e.g. Yakima Basin, Columbia River, Deschutes River Basin, Central Valley, Imperial Valley, Upper Colorado River, desert Southwest), and how federal programs and policies helped or hindered developing solutions to those challenges. The amount of time this year's participants put into these meetings essentially equated to a full workday. I'm incredibly grateful for their time and professional performance last week.

15. Western Wildfires and Watershed Health

The Alliance has advocated that the federal government must prioritize actions that would implement necessary forest management projects on federal lands. Those projects will reduce the existential threat posed by wildfires, to our headwaters lands and to the water supplies of the West. Fortunately, Western lawmakers on Capitol Hill are also renewing calls for additional wildfire prevention and response legislation. The Family Farm Alliance is on record for supporting S. 4431, the bipartisan *Emergency Wildfire and Public Safety Act of 2020*, which was considered at Senate committee hearing last month. The bipartisan legislation would provide for a more aggressive approach to managing forests for wildfire. The bill is cosponsored by Sen. Steve Daines (R-MT) and Sen. Diane Feinstein (D-CA), who are both arguing for a Senate vote this year. The Alliance and nearly two dozen Western water organizations signed on to a letter last month supporting this legislation. Reducing the threat of wildfire to communities and watersheds is a critical issue in the West. S. 4431 would help advance necessary forest management projects in a timely and collaborative manner while preventing catastrophic wildfires.

The House Agriculture Subcommittee on Conservation and Forestry also held a hearing last month on the wildfires effecting the West. The sole witness at the hearing was John Phipps, USDA's Deputy Chief for State and Private Forestry. Western Republican House members are calling on Congress to act to pass meaningful forestry reform before the end of the year. Rep. Doug LaMalfa (R-CALIFORNIA) led a bicameral [letter](#) to congressional leadership asking for just that and also introduced bipartisan forestry reform [legislation](#), the companion bill to S. 4431.

Meanwhile, new research from the University of California, Merced looks at past wildfires to see how forest management can affect water. In California, forest restoration is often associated with mitigating wildfire risk and improving ecosystem health throughout the Sierra Nevada. But restoration also dramatically affects water use within forests and the amount of runoff that flows downstream. The Sierra Nevada provides more than 60 percent of California's water supply and sustains a globally important agricultural region. Quantifying the water-related benefits can be critical in showing the true value and cost-benefit of forest management. But until now, there hasn't been enough locally relevant data to incentivize restoration projects. New research from UC Merced's Sierra Nevada Research Institute (SNRI) fills this data gap and provides a method to monetize the water-related benefits of forest thinning.

Western wildfire disasters are becoming an annual occurrence and underscore the importance of improving on-the-ground management actions that can lead to improved forest health. The Family Farm Alliance believes a responsible level of continuous fuels reduction includes a combination of robust mechanical thinning and prescribed fire. This can be employed to significantly reduce ET, tree stress, disease and pest infestation, preserve health forest conditions, and protect species and habitats. Failure to employ this approach will continue the downward, accelerating spiral of fuel accumulation, drought, disease and invasive insects. This will lead, inevitably, to additional high-intensity fire events in the future. When these events occur, the very values for which our system of National Forests were created will be lost.

16. 2021 Annual Meeting and Conference

We heard some good news coming out of Nevada last week. Governor Steve Sisolak announced that Nevada would lift the 50-person cap on public and private gatherings on Oct. 1 to help facilitate the return of large events that power the state's economy. The removal of the 50-person cap is the most significant loosening of restrictions since early June, when casinos partially reopened after statewide closures prompted waves of layoffs throughout the hospitality industry. Under the new guidelines, large venues that can accommodate more than 2,500 guests will be allowed to operate at 10% capacity and smaller venues will be able to host up to 250 patrons. At this point, we will focus on conducting an "in-person" annual conference at the Silver Legacy in Reno, but also provide options for speakers and guest to participate remotely. We'll also develop a "Plan B", in case the country goes into shut-down mode, again.

WESTERN WATER HOT SPOTS

17. Colorado River Basin (ARIZONA, CALIFORNIA, COLORADO, NEVADA, NEW MEXICO, UTAH, WYOMING)

a. Utah Pipeline

Facing opposition from the other six states that rely on the Colorado River for water for their cities and farms, the State of Utah has asked the Department of the Interior to delay a fast-track permit approval process for a proposed underground pipeline that would transport water from Lake Powell to the southwest part of the state. Utah pointed to the 14,000 public comments that needed to be reviewed on a Reclamation draft environmental impact statement (EIS) on the pipeline as a reason for the requested delay. Those comments include a September 8 letter from water officials in Arizona, California, Colorado, Nevada, New Mexico and Wyoming urging the U.S. government to halt the approval process. The six states warned of "multiyear litigation" over the project that could complicate talks over the future of the Colorado River, which serves 40 million people in the West. The Colorado River Basin has experienced drought conditions over the past twenty years or so. Prior to the requested delay, Reclamation had been on track to issue an updated EIS by November with a final decision in January.

b. Colorado River modeling results

Modeling results for the Colorado River Basin operations released last month by Reclamation indicate continued drought and an increased chance of potential water shortages by 2025. The Colorado River Basin is in its 21st year of an extended drought. As reservoir levels decline, Lake Powell and Lake Mead operations are potentially impacted. The Colorado River Simulation System modeling results, released at least three times per year, provide water managers with information needed to plan accordingly for the future.

The extended drought increases the importance of ongoing drought contingency actions and operational adjustments that Reclamation and partner entities have taken on the river. Reclamation believes these actions successfully demonstrate that voluntary, compensated water conservation projects can conserve water for the Colorado River system storage and help mitigate the impacts of drought. [CLICK HERE](#) for Reclamation's news release. The Family Farm Alliance last December released a two-volume report that features interviews with [Upper Colorado River Basin](#) and [Lower Colorado River Basin](#) water users. Demand management was a key topic of concerns expressed by several of those interviewed.

Columbia River Basin (IDAHO, MONTANA, OREGON, WASHINGTON)

The Corps, Bonneville Power Administration (BPA) and Reclamation last month released the Record of Decision (ROD) Columbia River System Operations (CRSO). You can also view the ROD at www.crso.info. The EIS and ROD represent the detailed work, evaluation, and decision making of the three co-lead agencies. The plan includes actions that support continued, reliable water resource benefits and balances the purposes of the federal dams while specifically supporting ongoing and new improvements for species listed under the ESA. The signing of the joint ROD accomplishes a priority item in the Presidential Memorandum on [Promoting the Reliable Supply and Delivery of Water in the West](#) issued in October 2018 (see related discussion, Item #2a). The ROD provides the agencies' reasoning for selecting the preferred alternative published in the CRSO Final EIS as the alternative for implementation and affirms the agencies' commitment to implement the National Marine Fisheries Service and U.S. Fish and Wildlife Service 2020 biological opinions.

Rio Grande (NEW MEXICO)

On September 28, Reclamation signed an agreement with the New Mexico Interstate Stream Commission, the Middle Rio Grande Conservancy District, and the Albuquerque Bernalillo County Water Utility Authority to support flows in the Rio Grande. The partnership will ease 7,000 acre-feet of water from the Water Utility Authority, with Reclamation paying \$350,000, the Commission paying \$250,000, and the Conservancy District paying \$100,000. Albuquerque's water conservation success has generated left it with more water than it currently needs, including water imported from the San Juan-Chama project, a trans-basin diversion that brings Colorado River water through tunnels beneath the Continental Divide. Some of that water, now sitting in

storage in reservoirs up on the Chama, will be released in coming weeks to maintain flows in the river in Albuquerque.

Salton Sea (CALIFORNIA)

The House Natural Resources Subcommittee on Water, Oceans and Wildlife (WOW) last month reviewed federal and state efforts to address problems at the Salton Sea, a large deteriorating body of water located in Southern California. The 350-square-mile lake's inflows have been dramatically reduced in recent years due to the Nation's largest farm-to-city water transfer in 2003. The transfer required the Imperial Irrigation District to send water to San Diego and the Coachella Valley from water conservation and fallowing programs. Mitigation flows for reduced agricultural return inflows were included in the deal for 15 years to try to stabilize the lake levels, but those flows have been completed and the accelerated natural evaporation of the lake will continue to expose a drying lakebed potentially containing decades of fertilizers and farm chemicals from agricultural runoff and exacerbate air quality from the dust created by the area's frequent wind storms. The State of California was supposed to provide a solution by 2017 (the year the 15-year mitigation flows ended) but did not do so. However, the state did release a \$383 million, 10-year plan for the lake in 2017, but the state failed to meet its mitigation goals in 2018 and 2019. The state's current budget includes more than \$47 million for mitigation projects for the lake. Witnesses at the hearing included Wade Crowfoot (Secretary of the California Natural Resources Agency), and E. Joaquin Esquivel (Chairman of the California State Water Resources Control Board).

Truckee River Basin (NEVADA)

A modern reclamation project designed to improve efficiency for water delivery and fish habitat on the Truckee River is finished. Several agencies have been working to make the fish screen happen at Derby Dam for two decades, with construction taking one year. The \$31 million dollar project is being funded by Reclamation and built by Family Farm Alliance-member Farmers Conservation Alliance (FCA), which has built a number of these screens elsewhere. This one will help to restore a lost fishery while making the dam more reliable for the Truckee Carson Irrigation District (TCID) and its farmers, as well. For more information on this exciting project, [check out FCA's website](#), which includes great drone video footage, showing how progress on the fish screen progressed over the past year. Congratulations to Family Farm Alliance member TCID and all the other partners involved with this amazing project!

Walker River Basin (CALIFORNIA / NEVADA)

The Nevada Supreme Court last month issued a monumental ruling relating to the scope of Nevada's public trust doctrine (*Mineral County et al, v. Lyon County, the Water River Irrigation District, et al*). The underlying 9th Circuit litigation deals with the Walker River Basin and efforts to protect and restore Walker Lake, which straddles the Nevada-California border. Water rights in the basin were adjudicated under the Walker River Decree (1936). The U.S. District Court for the District of Nevada retains jurisdiction over the Decree, which has been the subject of ongoing litigation for several decades over tribal reserved water rights issues and environmental concerns. Alliance member Truckee-Carson Irrigation District provided an amicus brief in this matter.

Upon certification of a question relating to a case on appeal in Ninth Circuit Court of Appeals, the court stated: “. . . [T]he public trust doctrine as implemented through our state’s comprehensive water statutes does not permit the reallocation of water rights already adjudicated and settled under the doctrine of prior appropriation.” In this case, the attempt was being made to “take” water from water right holders on the Walker River system and apply it for the benefit of Walker Lake - a desert terminus lake. The court was also asked if the public trust doctrine would have allowed for a reallocation, would that have been a taking? Because no reallocation is permitted, the Nevada Supreme Court did not need to answer the takings question.

ADMINISTRATIVE AND MISCELLANEOUS

- The CEO of the nonprofit U.S. Water Alliance and a former utility official in San Francisco is advising the Biden presidential campaign on water and infrastructure issues, according to sources. I served on the board of directors for this organization from 2009-2012. The former vice president's platform includes a focus on water issues, including a section in his \$1.3 trillion infrastructure package that calls for replacing aging drinking water pipes, monitoring for lead and other contaminants, and boosting investments for water technology, including desalinization. Radhika Fox in July [backed](#) Biden's plan to use infrastructure investments to address racial and environmental justice disparities.
- Wall Street is about to start trading futures contracts on California’s water supply. The contracts are the first of their kind in the U.S. and are being created by CME Group Inc., the world’s largest futures exchange. They are intended, CME says, to both allow California’s big water consumers -- like almond farms and municipalities -- to hedge against surging prices and can act as a benchmark that signals how acute water scarcity is becoming in the state and, more broadly, across the globe. This isn’t the first attempt to commoditize water and it won’t be the last. Maybe one of these proposals will gain traction, but many of us have seen moves like this pop up every 5 or 10 years (T. Boone Pickens took a run at this just before he died). Once the complexities of California water are confronted, they sort of sizzle out. Still, several California water attorneys are taking a look at this and will monitor developments. [Here is a recent article](#) on the subject.

I appreciate all the helpful input I have received from many of you in the past month. Please do not hesitate to contact me if you have any questions about this report.

Chris Tantau
Kaweah Delta W.C.D.
Chairman of the Board

Jim Erickson
Madera I.D.
Vice Chairman

Cliff Loeffler
Lindsay-Strathmore I.D.
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October 5, 2020

David Brick
Bureau of Reclamation CGD-152
2800 Cottage Way
Sacramento, CA 95825

Subject: **Shasta Lake Water Resources Investigation Draft Supplemental Environmental Impact Statement**

Dear Mr. Brick:

On behalf of Friant Water Authority (FWA), thank you for the opportunity to provide comments on the Draft Supplemental Environmental Impact Statement (Draft SEIS) for the Shasta Lake Water Resources Investigation (Project), consistent with the requirements of the *National Environmental Policy Act* (NEPA).

As stated in the Draft SEIS, the alternatives studied in the Final EIS and Feasibility Report dated July 2015 are unchanged. Specifically, the Draft SEIS updates the operations and modeling to the latest regulatory requirements and associated environmental effects analyses for the No-Action and Comprehensive Plan 4a (CP-4a) alternatives, provides information relevant to the application of Section 404(r) of the Clean Water Act, and responds to issues identified by cooperating agencies. CP-4a would raise Shasta Dam by 18.5 feet, resulting in an increase of water storage capacity in Shasta Lake Reservoir by 634,000 acre-feet. Congress appropriated \$20 million for pre-construction activities in 2018 under the *Water Infrastructure Investments for the Nation Act*. Future federal cost-share is likely to continue under this authority up to 50 percent of the cost of the Project.

FWA is a public agency representing a majority of the Friant Division of the Central Valley Project (CVP). FWA also operates and maintains the Friant-Kern Canal, which supplies San Joaquin River water stored at Millerton Lake to more than 30 Friant contractors representing several cities and 15,000 family farms on more than one million acres of irrigable farm land on the eastside of the southern San Joaquin Valley. As such, we thoroughly appreciate that surface water storage is critical for the Valley and for all of California. Protecting existing storage infrastructure and adding it where feasible is important to improving operational reliability and flexibility, and we support Reclamation efforts to achieve this at Shasta Lake.

FWA has reviewed the Draft SEIS and offers the following comments:

1. **The Draft SEIS should evaluate any potential changes to hydrology, hydraulics, and water management compared to the 2015 Final EIS (Chapter 6).** The revised operations and modelling for the No Action and CP-4a could result in different effects to this resource area than those described in the Final EIS.
2. **The Draft SEIS does not provide tabular and graphical results for the revised modelling in a format similar to the 2015 Final EIS.** The Draft SEIS only provides summary-level descriptions for changes in Shasta and Sacramento River flows and temperatures. More detail

should be provided in a format similar to the 2015 Final EIS Modelling Appendix in order to sufficiently understand potential changes in effects to all pertinent resource areas.

Thank you for the opportunity to comment. You may contact me with any questions at 559-562-6305 or jphillips@friantwater.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Phillips", with a stylized flourish at the end.

Jason Phillips
Chief Executive Officer

Agenda Report

Agenda No. 15.D

DATE: October 22, 2020
TO: Executive Committee
FROM: Austin Ewell
SUBJECT: Water Blueprint for the SJV

SUMMARY:

The Water Blueprint for the San Joaquin Valley (Blueprint) continues to hold its monthly Executive Committee and Sub-Committee meetings as well as the Large Group meetings via Zoom. More than 70 participants make up the Blueprint Large Group including Farm Bureaus, Water Authorities, Districts, Growers, Trade Associations, NGOs, Fresno State, GSAs, Refuges, BOR and white land interests. A comprehensive and collaborative plan is under development to address implementation of SGMA in the San Joaquin Valley, development of a water supply plan to minimize loss of working lands, degradation of groundwater quality, loss of jobs, and other regional economic impacts along with the development of an environmental plan to manage land use changes and develop safe, clean affordable water supplies for disadvantaged communities.

The Large Group and the following committees listed below are pursuing the goals of Blueprint, including funding opportunities and working in conjunction with other stakeholders.

Phase II: SJV Sub-Basins, State Contractors, DWR and BOR are meeting to discuss SJV Blueprint projects, possible results and costs and the role the parties can play. Phase II of Sunding's EIA will analyze solution sets being developed with the Technical Committee and others, that solution set will ultimately be added to the EIA to illustrate reduced economic impacts. A critical part will be project proponents' pursuit of the development, evaluation, and selection of activities that will take place with the support of the Blueprint entity.

SJV Water Collaborative Action: Uncommon Dialogue/Convening Process: Stanford University working in coordination with Central Valley Community Foundation, Fresno State and UC Merced hosted a convening process on September 21st where we discussed the need for a collaborative solution to the water issues we face in the SJV.

The conveying process was considered a success and sets the stage for progress in addressing these challenges. There were 51 water leaders in attendance (plenary group), including 37 stakeholders engaged in Valley water management. There was broad support to move forward with a collaborative action plan. The group agreed on several important action items:

1. Create a Planning Group (Planning Group): The plenary group agreed to create a smaller Planning Group, and 15 participants have volunteered to engage. The Planning Group includes representatives from the five interest groups participating in the plenary session: safe drinking water and

disadvantaged communities (DACs), agriculture, local government, environmental NGOs, and water agencies.

2. **Develop a Specific Action Plan:** Once convened, the planning group will focus on several action items:

a. **Problem Statement:** The problem statement will recognize the legitimacy of other group's problems and all commit to identifying solutions to these problems that are acceptable to the collaborative.

b. **Vision Statement/Solution Set:** The problem statement will lay the foundation for a vision statement and the identification of a solution set that secures broad support.

c. **Facilitator:** The planning group will also be asked to start the process for selecting a long-term facilitator.

3. **Launch a Series of "Lightning Rounds":** The plenary group also decided to conduct a series of Zoom "lightning rounds" intended to share information and build trust. FWA's safe drinking water feasibility study has been selected to show the benefits for DACs and partnerships among Valley water agencies and environmental NGOs.

4. **Secure Funding:** The plenary group also discussed the need to secure funding for the success of the effort.

DAC Drinking Water Feasibility Study – Madera Canal & FKC : A funding application was submitted by FWA, FSU, Self Help, Sustainable Conservation and Leadership Council to study a five county area within the Millerton Place of Use boundary related to surface water supply, recharge and drinking water supplies. State Board staff is processing the application looking for confirmation of a Technical Assistance account for the funding and may request some edits to the application to better highlight the DAC connectivity.

The Committees are working on the following matters:

1) **Regional Representation & Technical Support:** Applications are being prepared to DWR and Reclamation, a letter of interest for a Water Smart Grant was submitted, these funds would go to assist with the Technical Committee's pursuit of the engineering and modeling results and pursuit of a project list and related matters. Special committee is being formed to look at Blueprint projects to be included in the additional engineering and scoping.

2) **Engagement and Outreach (i.e. Disadvantaged Communities, Environmental Organizations & Urbans).** Several pilot projects and feasibility studies are being pursued in partnership with Water Agencies, NGOs and Academia to locate recharge opportunities and environmental enhancement.

3) **Funding, Finance & Governance:** Provost & Pritchard has been engaged to prepare and submit grant and loan funding applications. Blueprint will look to submit applications in the coming months.

4) Advocacy & Public Relations: Briefings with State and Federal legislators and local elected are ongoing. Blueprint and Committee members are continuing discussions with elected and key Administration officials about the details and implementation of the Blueprint and funding opportunities.

RECOMMENDED ACTION:

There is no recommended action at this time. The Board gave initial direction to pursue this collective effort and report back on its status.

BUDGET IMPACT:

None

ATTACHMENTS:

None

AGENDA REPORT

NO. 15.E

DATE: October 22, 2020

TO: Friant Water Authority, Board of Directors

FROM: Ian Buck-Macleod, Water Resources Manager

SUBJECT: Water Operations and Creek Fire Update

SUMMARY:

The CVP allocation has remained unchanged and is summarized as follows:

- Friant Division Class 1: 65%
- Friant Division Class 2: 0%
- CVP SOD Ag: 20%
- Exchange Contractors and Refuge Level 2: 100%
- SJRRP: Dry Year allocation of 202,197 AF at Gravelly Ford

DISCUSSION:

Inflow Forecasts

No precipitation was observed in California over the past week. This weekend a cold, low pressure trough from the east will drop into the Central and Southern Sierras with potential for ¼ to ½ of precipitation and SWE. The National Weather Service’s one-month outlook shows greater chance of above-normal temperatures and near-normal to below-normal chance of precipitation. Table 1 shows the final Water Year 2020 unimpaired inflow for Shasta and Millerton from Reclamation. October 1 denotes the start of a new California Water Year.

Table 1. Final Unimpaired Inflow for WY 2020

Reservoir	Unimpaired Inflow (TAF)
Shasta	3,305
Millerton	886

CVP SOD Operations

Delta Operations

Overall CVP North-of-Delta Reservoirs are near slightly below-normal storage levels for this week based on their 15-year average – Trinity, Shasta, and Folsom are 97%, 91%, and 91%, respectively. The CVP reservoir

releases have generally remaining constant or are gradually decreasing as irrigation demand decreases. The Delta is currently in balanced conditions, with exports being controlled by in-Delta water quality requirements.

Figure 1 shows the projected daily Jones Pumping through November provided last month by CVO as compared to actuals to date. Jones exports are at a 3-unit operation of 2,700 cfs, having just recently dropping a unit to meet Delta outflow requirements. Current COA accounting is showing that the Reclamation is owed about 120 TAF from DWR; however, considering CVP NOD transfers using Banks that number is likely about half.

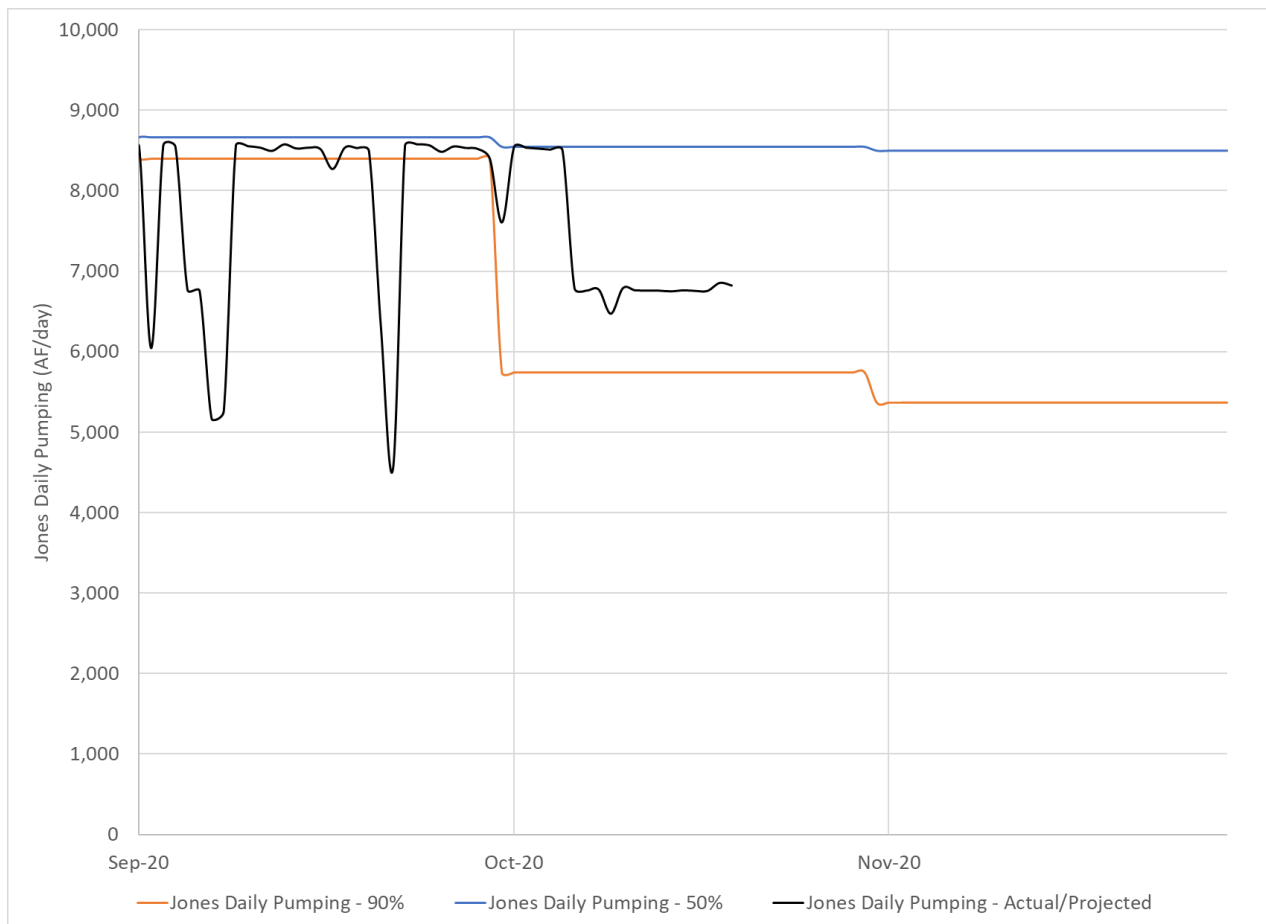


Figure 1. Daily Jones Pumping – September Exceedance Projections Compared to Actuals

Shasta Temperature Management

Shasta operations are actively managing water temperatures along the Sacramento River to reach the targeted temperature objective at Clear Creek of 56.0° F (daily average). On August 31 the State Water Resources Control Board requested Reclamation to develop a protocol for temperature management planning to include the Board’s recent settlement agreement with the California Sportfishing Protection Alliance, which Reclamation is not a part of. The 2015 lawsuit was filed specifically on the emergency TUCPs (temporary urgency change petition) during the drought

Below is summary of Reclamation’s response provided on September 30:

- Emphasized State Board participating in the Sac River Temperature Task Group, and subgroups where much of the technical modeling, and collaborative discussions and decision-making occurs.
- Disagreed with their requests as it diverges from the requirements of Decision 90-5, which when it was adopted virtually imposed the same requirements of Federal ESA. They reiterated all the actions outlined in the 2019 BiOps.
- Stated they do not consider a state court voluntary settlement, to which Reclamation is not a party, as valid, enforceable legal requirement, especially without a water rights hearing.

Figure 2 shows the projected daily Shasta Lake Storage through November provided last month by CVO as compared to actuals to date. Shasta storage is trending around the 90% exceedance.

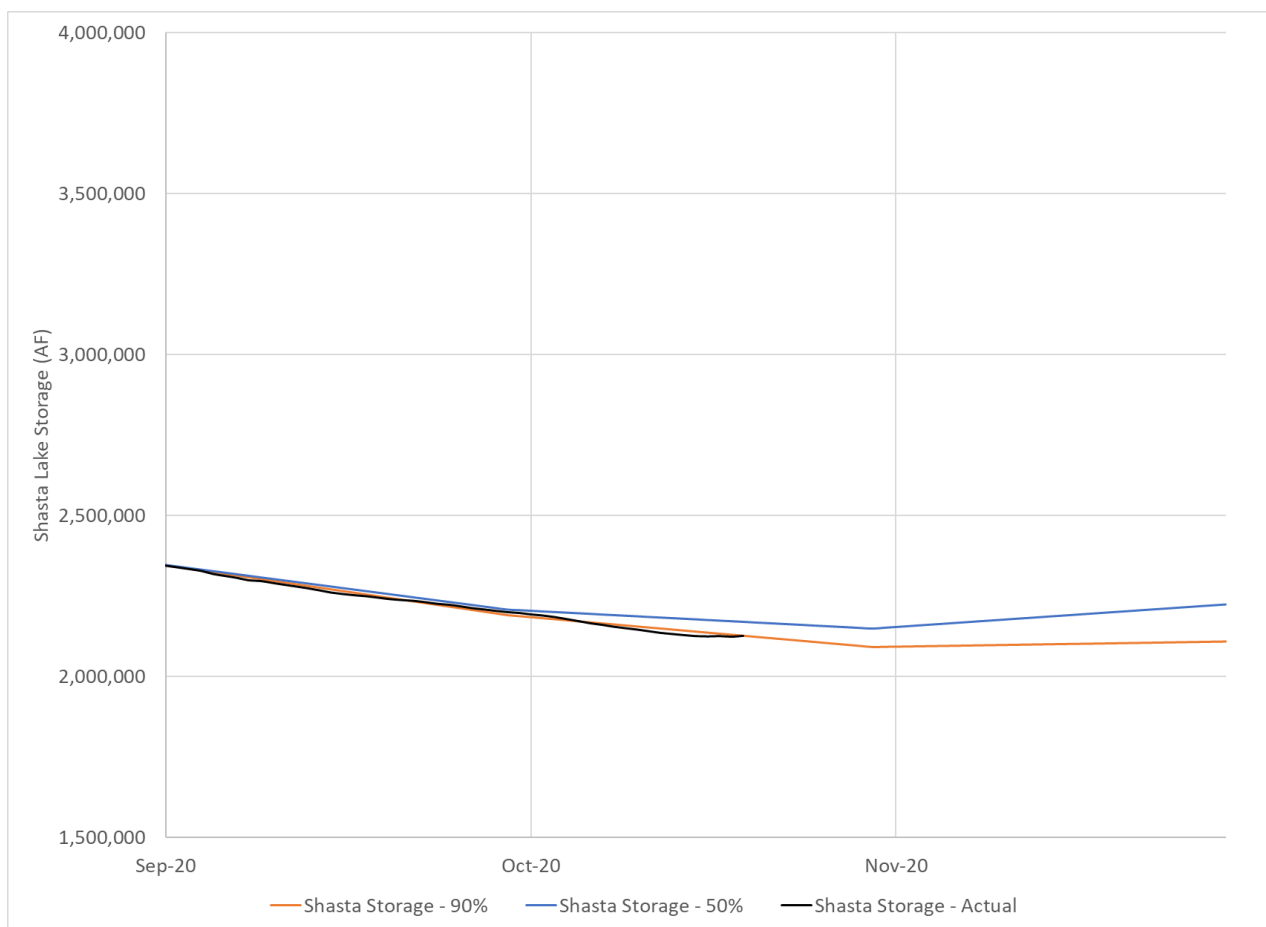


Figure 2. Shasta Lake Storage – August Exceedance Projections Compared to Actuals

CVP SOD Agriculture Contractors

CVP San Luis Reservoir storage is at 386 TAF—116% of its 15-year average. Figure 3 shows the projected San Luis Federal storage through November provided last month by CVO as compared to actuals to date. Storage is projecting close to the 90% exceedance as storage gains have remained stagnant the last week partially due Delta outflow requirements.

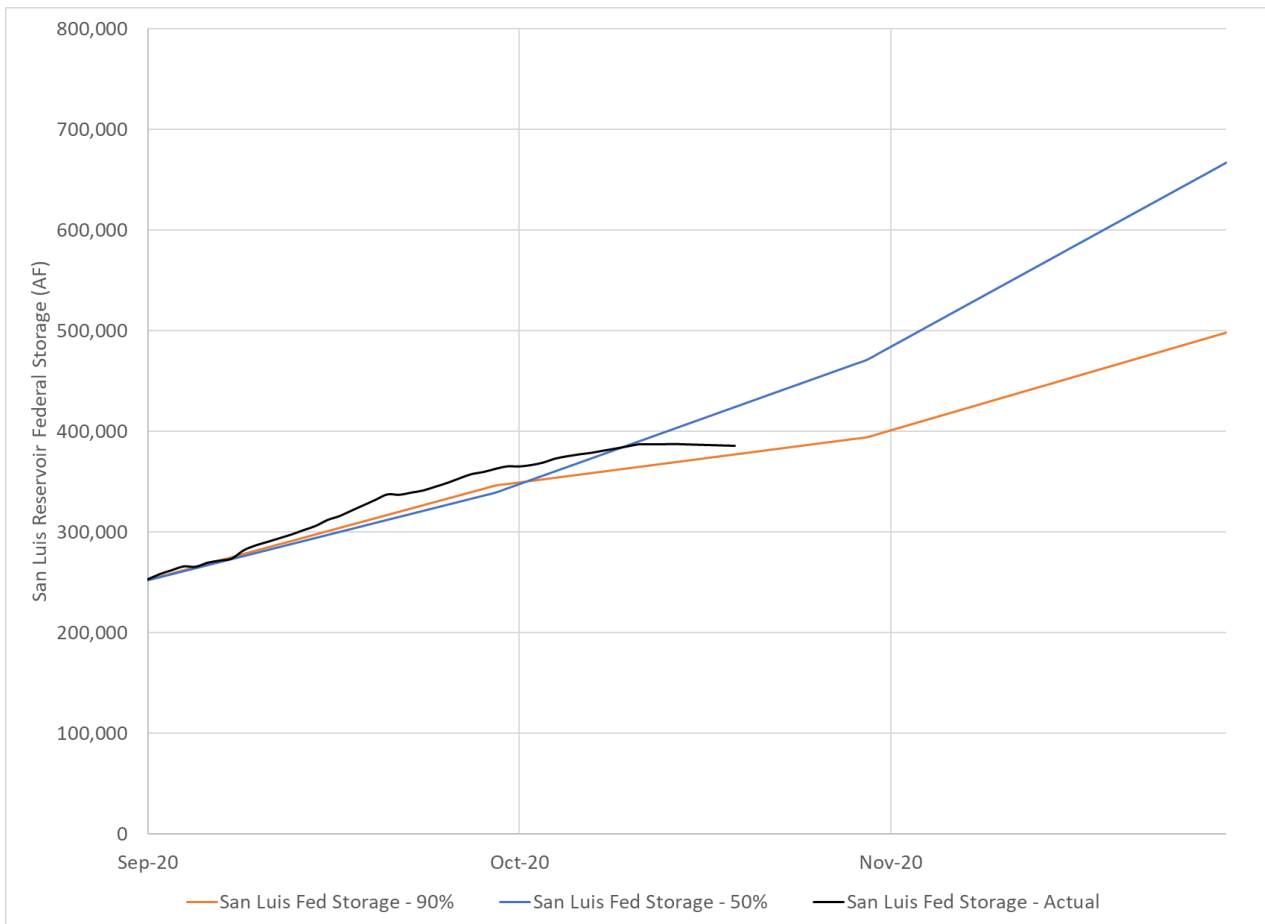


Figure 3. San Luis Federal Storage – August Exceedance Projections Compared to Actuals

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Operations & Maintenance Report

A compilation of current FWA operations and maintenance activities throughout the 152-mile canal system.

September 2020

OPERATION & MAINTENANCE REPORT

SAFETY, EDUCATION & TRAINING

- Operations Department held tailgate safety meetings in the Lindsay yard; outlying field offices staff attended the C&M meetings.
- All FWA Staff attended CPR Training at the Lindsay yard.
- Lindsay Foreman held a meeting outlying heat & air quality issue.
- Delano Foreman held tailgate safety meetings; outlying safety hazards and precautions associated with employee's work assignments.
- Delano foreman discussed with employees a hand out pamphlet title Pro-Active Safety attitudes; pamphlets describe safety points on how accidents can be prevented when taken personnel responsibility, thinking of accident prevention is an ongoing process, co-workers setting safety goals, recognizing preventive measures and safety activities, teamwork is a part of accident prevention, pro-active thinking. Following the safety meeting, the employees were given a 20-question true or false test.

Education & Training

- Delano routine walk-through safety inspection of monthly fuel tank inspection, fire extinguishers sign off tags, power tool cords, guards, and housekeeping. Inspections were documented /filed and submitted to a safety officer.

Accidents & Injuries

- Friant staff has worked 1,632 days without a lost-time injury accident.

MAINTENANCE SUPERVISION

GENERAL SUPERINTENDENT REPORT

SUBSIDENCE

- Staff worked with Stantec on the Water Quality monitor program
- Staff continued to work with Stantec on environmental compliance from MP 88.22 to MP 121.8 for the new canal alignment project and canal hydraulic modeling for the Water Quality program.
- Facilitated a first step process with the County of Tulare and Stantec for middle reach plan reviews.
- General Superintendent worked with staff on scheduling and crew coverage during the COVID-19 social distance protocol
- Created a project timeline for potential dewatering projects and presented to the District Managers during the monthly meeting
- Submitted an estimated drawdown schedule to all District Managers and interested parties

PERSONNEL ITEMS

- Staff worked on several personnel items, including annual reviews, policy conformance, and other matters.
- Staff filled vacant Lindsay Division Canal System Operator position

CONSTRUCTION & MAINTENANCE

FOREMEN REPORTS: ORANGE COVE, LINDSAY, & DELANO MAINTENANCE

WEED & PEST CONTROL

- The following is a summary of the chemical products used during the month by maintenance staff for weed and pest control on various canal sections and the product inventory on hand:

PRODUCTS	UNITS	MAINTENANCE YARD USAGE			TOTAL USAGE	END OF MONTH ON-HAND
		Orange Cove	Lindsay	Delano		
Clearcast	Gal	0	0	0	0	2.5
Copper Sulfate - Old Bridge	Lbs.	4,600	3,100	1,050	8,750	43,050
Copper Sulfate - Chem One	Lbs.	0	0	1,900	1,900	0
Argos Copper	Gal	0	0	0	0	0
Captain XTR	Gal	0	0	0	0	0
Deploy	Gal	10	0	0	0	0
Diphacinone	Lbs.	0	0	0	0	0
Diuron 4L - Loveland	Gal	0	0	0	0	0
Diuron 4L - Drexel	Gal	0	0	0	0	2120
Lifeline	Oz	0	0	0	0	0
Weather Guard Complete	Oz	0	0	0	0	67
Finale	Oz	0	0	0	0	0
Milestone VM	Oz	0	0	0	0	526
Nautique SePro	Gal	0	0	0	0	0
Roundup - Custom	Gal	104	0	4	108	1,886
Roundup - Pro Conc	Gal	163	45	36	244	984
Forfeit 280	Oz	0		52	52	230
Sonar Genesis	Gal	0	0	0	0	2
Cheetah	OZ	5,120	0	0	5,120	27,296

- Delano weed & pest applicators continue using Roundup Custom as part of the annual weed control program in the Lake Woollomes Reservoir right of way areas.
- Delano weed & pest applicators continue the use of Roundup Pro Concentrate as part of the annual weed control program in the Delano maintenance section
- Delano staff continues using Copper Sulfate as part of an algae control program in the Delano maintenance section.
- Lindsay maintenance staff continued applying Forfeit 280 for the post-emergence control of grasses and broadleaf weeds along the canal and right of ways.
- Lindsay maintenance staff continued with the application of Roundup Pro for the post-emergence control of grasses and broadleaf weeds along the canal and right of way.
- Lindsay maintenance staff continued with the application of Roundup Custom for the post-emergence control of grasses and broadleaf weeds along the canal and right of way.

- Lindsay maintenance staff continued applying Copper Sulfate in the canal prism for the control algae in the FKC.
- Lindsay maintenance staff continued using the "GopherX" unit for the control of California ground squirrels.
- Orange Cove maintenance staff continued the application of Roundup Pro as part of the annual weed control.
- Orange Cove maintenance staff hand cleared vegetation from around canal structures.
- Orange Cove maintenance staff continued the application of Diphacinone to the canal right-of-way for the control of California ground squirrel.
- Orange Cove maintenance staff continued the removal of accumulated vegetation from siphon inlets.
- Orange Cove maintenance staff continued removing woody vegetation from canal embankment and toe as directed in the most recent O&M exam.
- Orange Cove maintenance staff cleaned out several cross drainages that were filled with debris after heavy rain.

CANAL & DIVERSION STRUCTURES

- Delano maintenance staff continues embankment maintenance to upper and lower embankments and around structures such as blockhouses, turnouts, bridge abutments, etc. using a utility tractor or motor grader and earth moving equipment. By backfilling eroded areas, compacting, and grading in materials. Embankment maintenance will prevent erosion to the inside/outside banks, roads, gate structures, and concrete liners.
- Delano maintenance staff continues the fabrication and installation of two pump and trash rack stands.
- Delano maintenance staff completed painting bar gates, bollard posts, guard railings, warning signs, liner markers, structures, security fence wings, electrical panels, and blockhouse doors.
- Delano maintenance staff continues their structure gate maintenance for the year, repairs on radial and slide gates such as oil leaks, gearboxes, motor couplers, wire rope inspection, etc. Staff lubed all grease points and wire ropes, repair all metalwork, security fence repairs, deck cleaning, touch up painting, buoy ball, and wire rope replacement and debris removal.
- Lindsay maintenance staff utilized boom tuck and dipping screen to remove milfoil collecting near structures and turnouts.
- Lindsay maintenance staff began stockpiling fill dirt for the liner repair project.
- Lindsay maintenance staff and BSK associates collected soil samples for compaction and expansion testing. BSK conducted the testing.
- Orange Cove maintenance staff continued to remove debris from the waterways and at check structures that have been blown or dumped into the canal.
- Orange Cove maintenance staff conducted inspections of the lining and made notes for areas needing repairs.
- Orange Cove maintenance staff built and repaired fencing in several locations.
- Orange Cove maintenance staff began construction of new well lids.
- Orange Cove maintenance conducted wooden bridge inspections and completed the necessary inspection sheets.

O&M ROADS

- Orange Cove maintenance staff continued road patching repairs on FKC operation roadways and added several drainage pipes to help alleviate future flooding.



Delano Staff removing a manhole cover



Embankment was cut out and armored with rock to allow runoff and minimize erosion.

YARD & BUILDING

- Delano maintenance staff continues to perform their routine maintenance and repairs, such as yard cleaning, warehouse & shop housekeeping, vehicle & equipment repairs, facility improvements, and office duties.
- Orange Cove maintenance staff continued to perform the routine office, yard maintenance activities, and the annual fire extinguisher service was performed.
- Orange Cove maintenance began outfitting for service the newly acquired boom truck.
- Lindsay maintenance staff continued remodeling the Lindsay office restrooms, lobby, reception area, break room, and copy rooms.

RIGHT-OF-WAY MAINTENANCE

- Delano maintenance staff continues the removal of illegally dumped trash and remove debris from gate structures. All trash and debris removed from Authority Right of ways will be transported to the local solid waste/recycling facility.
- Delano maintenance staff continues to repair and install security fencing to prevent public access from entering the Friant-Kern Canal right-of-way and structured areas.
- Orange Cove maintenance staff continue to remove illegally dumped items along the right-of-way. Trash and debris were removed and transported to the local solid waste/recycling facility or stored for future disposal.
- Orange Cove maintenance staff continued repair of washouts and installed funnel drains and correcting drainage issues.
- Orange Cove canal maintenance utilized the tiger mower to clear tall vegetation along the FKC Roads and ROW to facilitate pre-emergent applications.
- Orange Cove maintenance staff replaced several signs on the FKC.

- Orange Cove maintenance staff repaired several bar gates on the FKC.
- Orange Cove maintenance painted several bar gates.
- Lindsay maintenance staff continued to remove trash illegally dumped at several locations along FKC.



Lindsay staff demo Lindsay Conference Room.



Delano staff cleaning turn out trash bin.

VEHICLE & HEAVY EQUIPMENT

The following is a summary of the vehicle and heavy equipment preventive maintenance services and repairs made by the technical services staff

DELANO, ORANGE COVE & LINDSAY	TYPE	QUANTITY
In-House Inspections	B – Semi-annual	4
	C - Annual	4
	E - Equipment	0
	BIT - 90-Day Heavy Equipment	4
Outside Inspections	B – Semi-Annual	0
	C - Annual	0
	Smog Test	0
	Smoke Test	0
DELANO, ORANGE COVE & LINDSAY	TYPE	QUANTITY
In-House Repairs	Light Vehicles	8
	Trucks	5
	Heavy Equipment	4
	Utility Equipment	0
Outside Repairs	Light Vehicles	0
	Trucks	1
	Heavy Equipment	0

ENGINEERING ACTIVITIES

ENGINEER AND ENGINEER TECHNICIAN REPORT

SENIOR ENGINEER

- Pump-Back Project
 - FWA Engineer Ian Buck-Macleod is working with two environmental teams for this project; CDM Smith and Stantec. In addition, FWA has been coordinating with the Stantec environmental team for the Parallel canal given the inter-mix of the two projects at Deer Creek & Lake Woollomes. The engineering firm Provost & Pritchard (P&P) is currently designing plans for the pump system. The 60% plans will be ready for January USBR review. P&P will submit the final design and specifications by June 2021 for Shafter and Woollomes, so that FWA can meet the FAA deadline in July that was provided for engineering design.
- Inspection FKC at Mile Post 80, Encroachment (follow-up):
 - USBR reviewed proposal by property owner. To resolve the encroachment of the owner's water wells and irrigation structures. Since there are several wells on the properties (West & East sides of Road 216). The FWA Engineer suggested this, so that USBR & FWA (as future owner) would not be responsible for leasing property and monitoring the wells use. Also, environmental issues and future abandonment could be expensive problems for the future owner of the wells. Since the existing FKC ROW is wider than normal width at this location. There should not be any restrictions to the current canal operations. There have been survey Exhibits created in this proposal if details are needed. The FWA review will be completed in October.
- Stantec Parallel Canal September plans
 - Updated the Google Earth Map (KMZ file) for revised canal locations.
 - Obtain updated Hydraulic HEC-RAS computer file for engineering and PB project groups.
 - Provide Water Operations of changes with map file access to plans.
 - Notified pump back team (engineering/environmental) contractors of the changes and how it may affect their design and reports.
 - Continue to identify items needed on the canal to maintain the same or better service than before.
- Structure book
 - Staff completed an updated book for 2020. The updating items found through field inspection and review of newly scanned historical records. The new book is for staff to use during drain down to confirm canal prism measurements match the records found. Engineering found as-builts from 1955 but found many large changes in contracts dating between 1950 – 1990. These files were digitized for safe keeping and localized on common map and structure book to identify location and effect on the canal.
- Drain Down
 - Staff is getting ready for the November drain down. Staff is working with Operations to timely inspect the canal conditions, including check gate, structures and requests.
- Lindsay office remodel
 - Lindsay maintenance crew is finishing up the remodel, the canal workers expanded the conference room to the original length, the rough utilities for the electrical and plumbing

are done, the break room/kitchen is painted with new flooring, the affected offices and restrooms should be done at the end of the month.

OPERATIONS ACTIVITIES

OPERATIONS SUPERVISOR REPORTS

- Operations Staff during the month of September delivered 63,610 acre-feet. Total water diverted year-to-date to FKC Contractors was 463,329 acre-feet.
- Reported sump pump deliveries of 9 acre-feet and year to date total of 125 acre-feet.
- Staff adjusted 15 transmitters and reset zeroes after calibration.
- Staff completed 60 head tests for the month of September.
- Staff completed and sent out the ROWD's for the month of September.
- Staff calibrated flow sensors at 3 locations.
- Staff repaired two-propeller meters; 1 at Porterville #1 and 1 at Poplar North.
- Staff continued working on venturi lid replacements.
- Staff performed battery maintenance for the solar panels at the Kaweah downstream blockhouse.
- Staff repaired the propeller meter at the Taylor turnout.
- Staff replaced a transmitter at Stone Corral #3.

ELECTRICAL

- Staff installed new power lines throughout the Lindsay office.
- Staff installed recessed lighting in the Lindsay office.
- Staff performed PMs at Woollomes, Poso Creek, Shafter Check, and Kern Check.
- Staff performed blockhouse PMs at 5th Avenue and Tule River
- Staff replaced a new breaker panel at the Lindsay yard.

SCADA

- Staff performed Pitot Tube measurements with the USBR.
- Staff worked with Intellisite to solve communication issues in SCADA at various sites throughout the system and to resolve IOS issues.
- Staff rebooted 9th Ave. modem to try to restore communications, working with Intellisite to resolve the issue.
- Staff continued working with the new Instrument Tech training him in his job duties.
- Staff continued to work on SCADA as issues arise and make improvements.
- Staff attended CPR training.

INFRASTRUCTURE MANAGEMENT

DIRECTOR OF TECHNOLOGY REPORT

ADMINISTRATIVE SUPPORT

- Staff completed the Weed & Pest reports and submitted the Monthly Summary Pesticide use report to each county (Fresno, Tulare, Kern).
- Staff completed the compilation of the Operation and Maintenance report, submitting the final to the Superintendent.
- Staff continued to provide the Accounting department with reconciliation, voucher completion, and invoice collection support.

- Staff entered vehicle odometer readings weekly through the fleet management system to track preventative maintenance.
- Staff provided Webex host services for the Board of Directors, Executive Committee, and Finance Committee Meetings.
- The migration to digital meeting packets has greatly reduced the printing demands of the organization. Staff is in the process of negotiating new contract terms with the leasing company to fit current printing requirements. Currently the Authority is 13 months into a 60-month contract. Staff reports that there is a good likelihood that they are going to be able successfully negotiate new contract terms and reduce the Authority's printing cost.

INFORMATION TECHNOLOGY MANAGEMENT

- A considerable amount of time was spent on activities initiated by the Authority's response to the COVID 19 pandemic. Activities include end-user support, the configuration of devices for remote access, and working with supervisors and managers to meet their department requirements.
- The Server Project assessment was completed. Staff will request from the Board of Directors approval to initiate contract with ReDesign for the implementation of the Dell VxRail solution. The Dell VxRail solution meets all the required objectives and extends the Authority's technical capabilities to include offsite cold site for disaster recovery.
- Worked with Operations Supervisor and Intellisite, reviewing the Intellisite 2.0 Deep Logic platform. Intellisite was purchased several months ago by a technical consortium that has re-engineered the platform. The new Deep Logic platform takes advantage of programming standard, predictive analytics and artificial intelligence which provides a robust and extensible development arena. The Deep Logic platform will ease the customization and extension of the Intellisite. Staff negotiated a free upgrade to the platform and left the Operations Supervisor with a plan for implementing and advanced alarm system.
- Staff negotiated a contract with Power Business Technology to take over the Authority's printer contracts with Zoom Imaging. Power Business Technology is proposing a takeover of existing devices, maintaining the same level of services and reduce expenditures by \$48,720.20 over the next five years. Staff will present the contract to the Chief Operating Officer for review and signatures in October.

AGENDA REPORT

NO. 15.E

DATE: October 22, 2020

TO: Friant Water Authority, Board of Directors

FROM: Ian Buck-Macleod, Water Resources Manager

SUBJECT: Water Operations and Creek Fire Update

SUMMARY:

The CVP allocation has remained unchanged and is summarized as follows:

- Friant Division Class 1: 65%
- Friant Division Class 2: 0%
- CVP SOD Ag: 20%
- Exchange Contractors and Refuge Level 2: 100%
- SJRRP: Dry Year allocation of 202,197 AF at Gravelly Ford

DISCUSSION:

Inflow Forecasts

No precipitation was observed in California over the past week. This weekend a cold, low pressure trough from the east will drop into the Central and Southern Sierras with potential for ¼ to ½ of precipitation and SWE. The National Weather Service’s one-month outlook shows greater chance of above-normal temperatures and near-normal to below-normal chance of precipitation. Table 1 shows the final Water Year 2020 unimpaired inflow for Shasta and Millerton from Reclamation. October 1 denotes the start of a new California Water Year.

Table 1. Final Unimpaired Inflow for WY 2020

Reservoir	Unimpaired Inflow (TAF)
Shasta	3,305
Millerton	886

CVP SOD Operations

Delta Operations

Overall CVP North-of-Delta Reservoirs are near slightly below-normal storage levels for this week based on their 15-year average – Trinity, Shasta, and Folsom are 97%, 91%, and 91%, respectively. The CVP reservoir

releases have generally remaining constant or are gradually decreasing as irrigation demand decreases. The Delta is currently in balanced conditions, with exports being controlled by in-Delta water quality requirements.

Figure 1 shows the projected daily Jones Pumping through November provided last month by CVO as compared to actuals to date. Jones exports are at a 3-unit operation of 2,700 cfs, having just recently dropping a unit to meet Delta outflow requirements. Current COA accounting is showing that the Reclamation is owed about 120 TAF from DWR; however, considering CVP NOD transfers using Banks that number is likely about half.

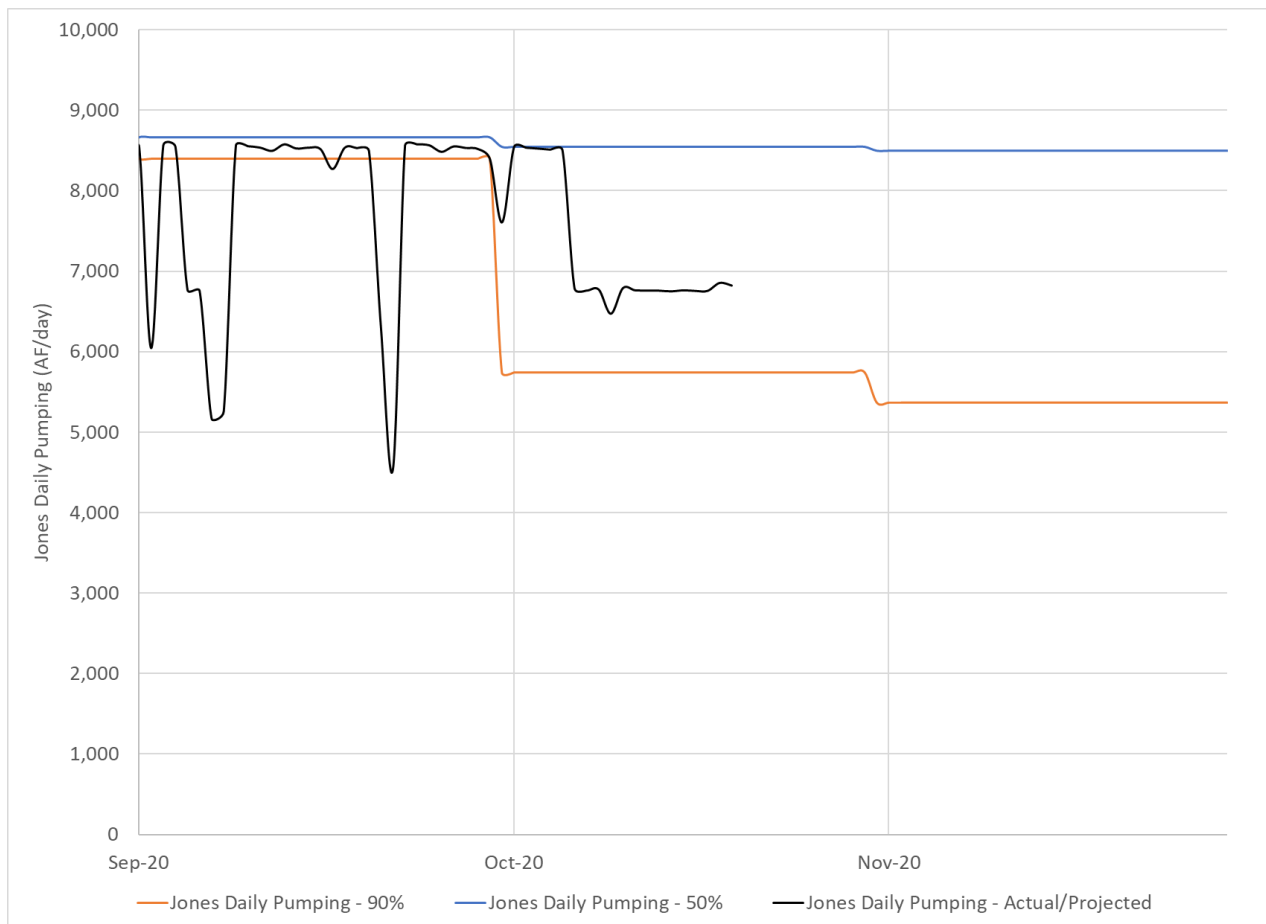


Figure 1. Daily Jones Pumping – September Exceedance Projections Compared to Actuals

Shasta Temperature Management

Shasta operations are actively managing water temperatures along the Sacramento River to reach the targeted temperature objective at Clear Creek of 56.0° F (daily average). On August 31 the State Water Resources Control Board requested Reclamation to develop a protocol for temperature management planning to include the Board’s recent settlement agreement with the California Sportfishing Protection Alliance, which Reclamation is not a part of. The 2015 lawsuit was filed specifically on the emergency TUCPs (temporary urgency change petition) during the drought

Below is summary of Reclamation’s response provided on September 30:

- Emphasized State Board participating in the Sac River Temperature Task Group, and subgroups where much of the technical modeling, and collaborative discussions and decision-making occurs.
- Disagreed with their requests as it diverges from the requirements of Decision 90-5, which when it was adopted virtually imposed the same requirements of Federal ESA. They reiterated all the actions outlined in the 2019 BiOps.
- Stated they do not consider a state court voluntary settlement, to which Reclamation is not a party, as valid, enforceable legal requirement, especially without a water rights hearing.

Figure 2 shows the projected daily Shasta Lake Storage through November provided last month by CVO as compared to actuals to date. Shasta storage is trending around the 90% exceedance.

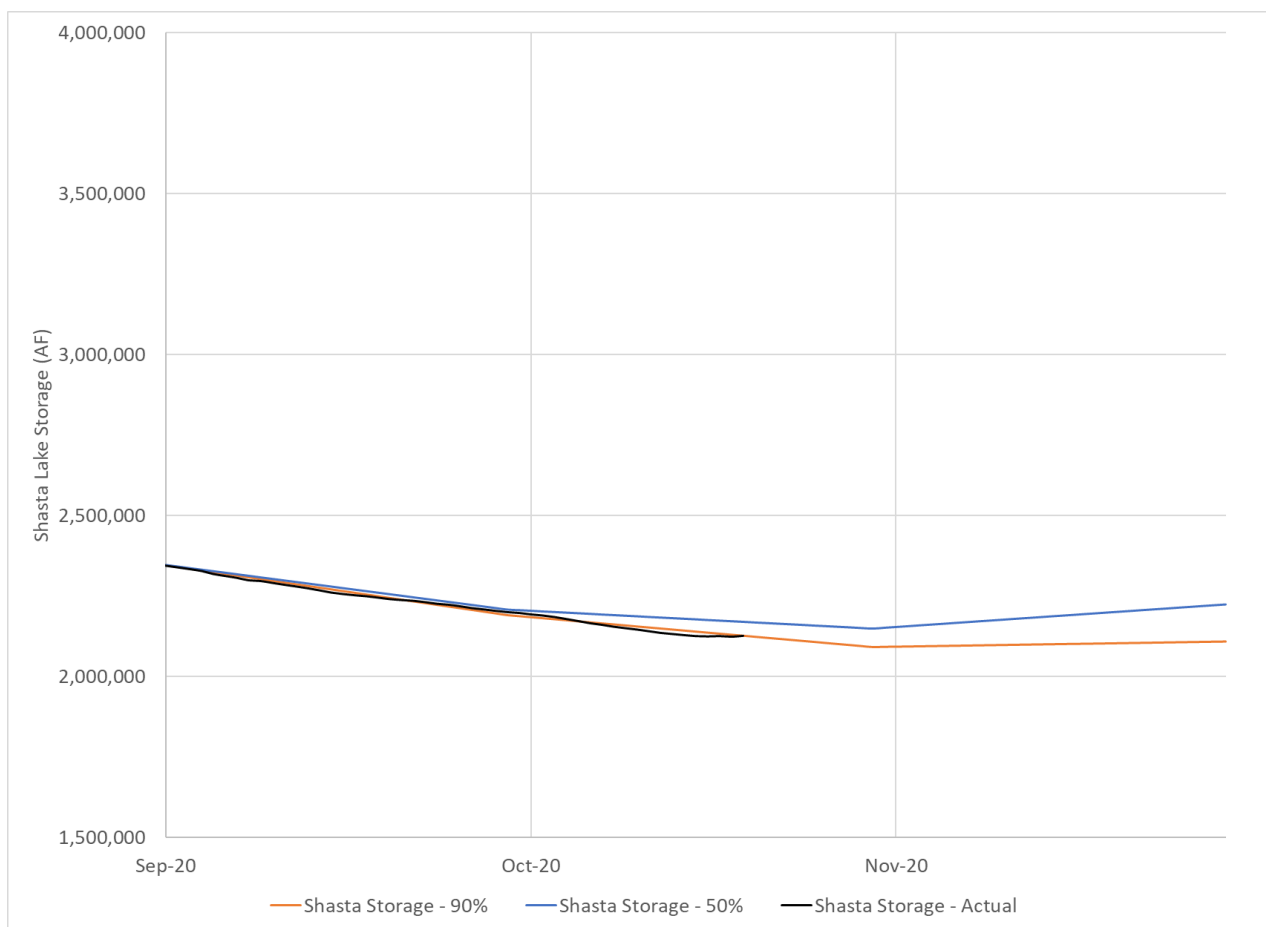


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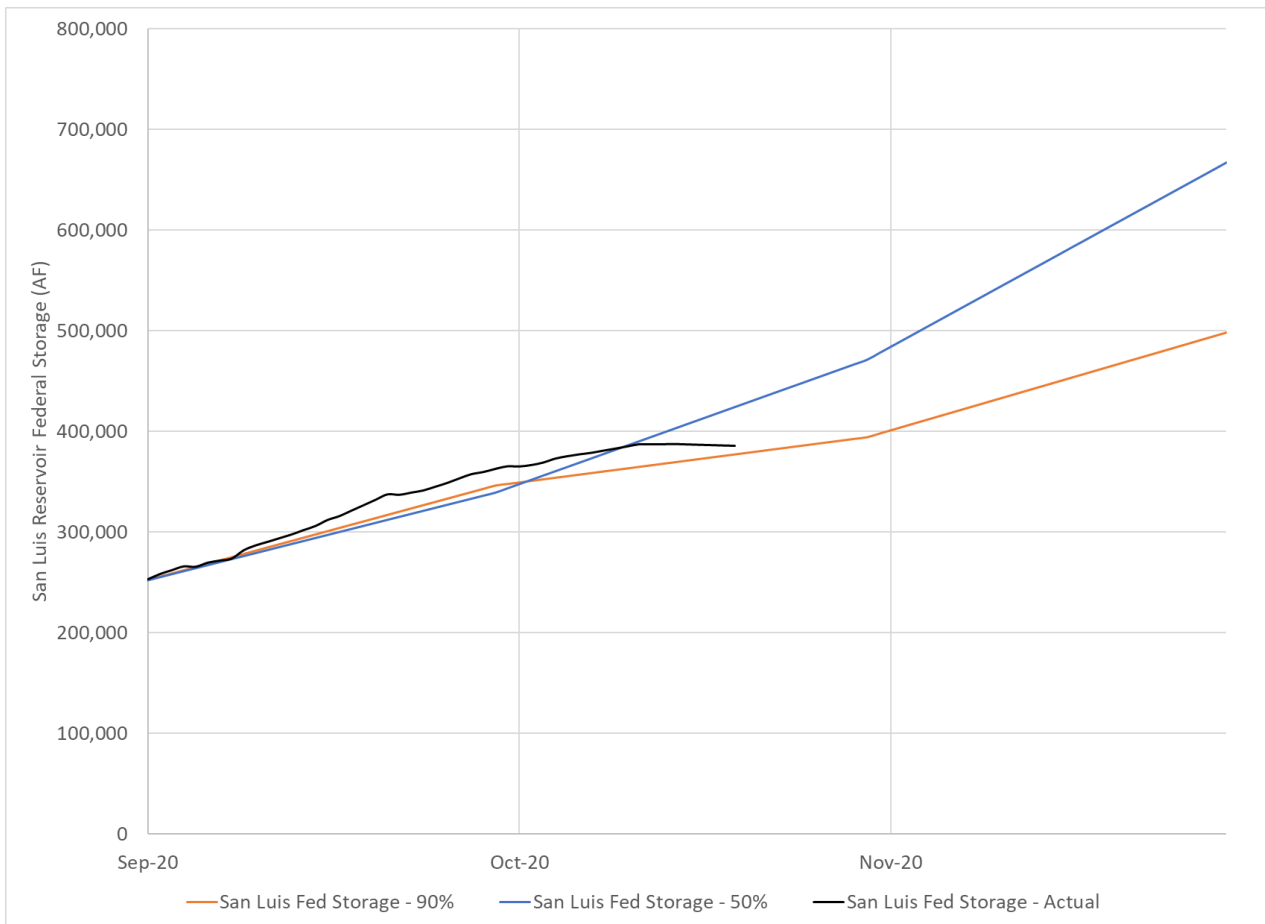


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