



Southeast Water Coalition

A joint powers authority to protect the Central Groundwater Basin

AGENDA

SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY

REGULAR MEETING OF THE POLICY BOARD

**CITY OF WHITTIER
EMERGENCY OPERATIONS CENTER
13200 PENN ST.
WHITTIER, CA 90602**

**THURSDAY, FEBRUARY 6, 2020
6:30 P.M.**

- 1. PLEDGE OF ALLEGIANCE**
- 2. ROLL CALL**
- 3. PUBLIC COMMENTS**
- 4. CONSENT CALENDAR**

****Consent Calendar items will be considered and approved in one motion unless removed by a Board Member for discussion.****

- a. SEWC BOARD OF DIRECTORS MINUTES OF OCTOBER 3, 2019**
Recommendation: Approve minutes as submitted.
- b. WARRANT REGISTER**
Recommendation: Approve Warrant Register.

****End of Consent Calendar****

5. PRESENTATION ON STATEWIDE WATER CONSERVATION

Jason Wen, Administrative Entity

Tia Lebherz, Executive Director of External Affairs, California Water Efficiency Partnership (Cal-WEP)

Recommendation: That the Board take the following action:

Receive and file an update on statewide water conservation legislation.

6. UPDATE ON CENTRAL BASIN LAWSUIT

Ray Cordero, Chair, Administrative Entity

Recommendation: That the Board take the following actions:

- 1) Receive and file a confidential update on the status of *City of Cerritos et al. v. Central Basin Municipal Water District*, provided to the Board under separate cover.
- 2) Approve action on allocation of funding for Petitioners.

7. DRAFT AUDIT REPORT - SOUTHEAST WATER COALITION (SEWC) FISCAL YEAR 2018/2019 FINANCIAL STATEMENTS

Ray Cordero, Chair, Administrative Entity

Recommendation: That the Board take the following action:

Approve the Draft Southeast Water Coalition (SEWC) Fiscal Year 2018/2019 Financial Statements with Report on Audit, and authorize the draft audit report to be finalized and filed with the County.

9. BOARD OF DIRECTORS COMMENTS

10. ADMINISTRATIVE ENTITY CHAIR / LEAD AGENCY COMMENTS

11. ADJOURNMENT

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, the City of Whittier is committed to providing reasonable accommodations for a person with a disability. Please call Veronica Barrios with the City of Whittier at (562) 567-9501, if special accommodations are necessary and/or if information is needed in an alternative format. Special requests must be made in a reasonable amount of time in order that accommodations can be arranged.

The next meeting of the Southeast Water Coalition Joint Powers Authority Board of Directors is Thursday, April 4, 2020 at 6:30 p.m. at the Emergency Operations Center, 13200 Penn Street, Whittier, CA 90602.

I, Veronica Barrios, City of Whittier, do hereby certify, under penalty of perjury under the laws of the State of California that the foregoing agenda was posted pursuant to Government Code Section 54950 Et. Seq. and City of Whittier Ordinance at the following locations: Whittier City Hall, Whittier Public Library, and Whittwood Branch Library.

Dated: February 3, 2020

A handwritten signature in blue ink that reads "Veronica Barrios". The signature is written in a cursive style with a large, stylized initial "V".

Veronica Barrios
Administrative Secretary
Public Works Department

**MINUTES OF THE
SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY**

REGULAR MEETING OF THE POLICY BOARD

**CITY OF WHITTIER
EMERGENCY OPERATIONS CENTER
13200 PENN STREET
WHITTIER, CA 90602**

**THURSDAY, OCTOBER 3, 2019
6:30 P.M.**

The regular meeting of the Southeast Water Coalition Joint Powers Authority Policy Board was called to order at 6:32 p.m. by Policy Board Chair Fernando Dutra.

1. PLEDGE OF ALLEGIANCE

Policy Board Chair, Fernando Dutra, asked Juanita Trujillo, City of Santa Fe Springs Board Member, to lead the Pledge of Allegiance.

2. ROLL CALL

Frank Yokoyama	City of Cerritos (arrived at 6:51 pm)
Oralia Rebollo	City of Commerce
Steve Croft	City of Lakewood
Gustavo Camacho	City of Pico Rivera
Juanita Trujillo	City of Santa Fe Springs
Maria Belen Bernal	City of South Gate
Melissa Ybarra	City of Vernon
Fernando Dutra	City of Whittier, Board Chair

Also Present:

Bob Ortega	City of Cerritos
Gina Nila	City of Commerce, AE Vice-Chair
Dan Mueller	City of Downey
Jason Wen	City of Lakewood
Adriana Figueroa	City of Paramount
Chris Castillo	City of South Gate
Ray Cordero	City of Whittier, AE Chair

Todd Dusenberry	City of Vernon
Nicholas Ghirelli	Richards, Watson & Gershon
Christine M. Carson	A & W
Mark Grajeda	Pico Water District
Talar Alexanian	Public Comments

Kristen Sales
Kevin Sales

KJServices Environmental Consulting
KJServices Environmental Consulting

3. PUBLIC COMMENTS

Talar Alexanian addressed the Board of Directors regarding a vacant lot in the City of Commerce, located at 6210 Garfield Ave. Ms. Alexanian stated that the address was the previous site of a heavy manufacturing company, resulting in on-site pollution, including lead, arsenic and asbestos. Ms. Alexanian continued by noting the site had 25,000 cubic feet of stormwater systems, but the previous building was equipped with no stormwater drainage. Ms. Alexanian added that the address has been purchased by new owners, who plan to build a self-storage facility. Ms. Alexanian said that construction bid is currently going through the approval process at the City of Commerce, and asked the SEWC Board to consider the environmental impact of this new business, and its potential impact on local stormwater systems.

4. CONSENT CALENDAR

Policy Board Chair Fernando Dutra (Whittier) called for a motion to approve 4a, the Minutes of August 29, 2019 SEWC Special Board of Directors meeting. Board Member Camacho (Pico Rivera) made a motion to approve 4a, and Board Member Bernal (Vernon) seconded the motion. Policy Board Chair Dutra then called for a motion to approve 4b, the Warrant Register. Board Member Croft (Lakewood) made a motion to approve 4b, and Board Member Bernal (Vernon) seconded the motion. The Consent Calendar (items 4a and 4b) was approved by a unanimous voice vote of the Policy Board.

5. UPDATE ON CITY OF SIGNAL HILL ET AL. V. CENTRAL BASIN MUNICIPAL WATER DISTRICT, ET AL. LOS ANGELES SUPERIOR COURT CASE NO. 19 STCP03882

AE Chair Ray Cordero (Whittier) introduced attorney Christine Carson (Aleshire & Wydner) to provide an overview and update on this court case.

Ms. Carson stated that currently, 22 entities (public and private water purveyors) are suing Central Basin (CB), asserting that the CB retail meter charge violates Prop 26. Ms. Carson said that the purveyors filed their petition on September 6, 2019 and CB has until mid-October to respond to their complaint. All other interested parties that would like to join the suit must file by October 24, 2019. The case will be heard by Judge Strobel in L.A. Superior Court on December 12, 2019.

Ms. Carson stated that A&W has sent a public records request to Central Basin, and served a Brown Act letter, citing Central Basin's violations of the Brown Act (since it is unclear when the retail meter charge was adopted and when they take

effect). CB will have until October 6, 2019 to respond to the Brown Act letter.

Policy Board Chair Fernando Dutra (Whittier) asked what the goal of the lawsuit was, and if, in general, lawsuits of this kind usually end in a settlement. Ms. Carson answered that the water purveyors tried to reach a resolution prior to litigation, by adding a sunset provision to the meter charge. Ms. Carson added that a bench trial would decide on the briefs, and if CB's brief is overturned, Central Basin would not be able to implement its retail meter charge.

Administrative Entity (AE) Member Adriana Figueroa (Paramount) asked if it would be advisable for SEWC to file an amicus brief in support of the purveyors. Ms. Carson stated that amicus briefs are typically filed on appeal, and SEWC would have to request permission from the judge to file prior to the appeals process. SEWC Legal Counsel Nick Ghirelli (RW&G) added that SEWC would have to state why they are an interested party, which Central Basin might challenge. Mr. Ghirelli added it would be more prudent for SEWC to file a brief of support, rather than become a party to the lawsuit.

Mark Grajeda (Pico Water District) added that while there are 35 Central Basin District Board Members, not all member cities have water rights. Mr. Grajeda stated that 35 entities with water rights did file letters of opposition to the charge.

Policy Board Chair Dutra (Whittier) called for a motion to receive and file the item. The motion was made by Board Member Bernal (Vernon) and seconded by Board Member Croft (Lakewood). The motion was approved by a unanimous voice vote of the Policy Board.

6. PRESENTATION ON PUBLIC WATER AGENCY RESPONSE TO PERFLUORINATED CHEMICALS (PFOA/PFOS) FROM PICO WATER DISTRICT

AE Chair Ray Cordero (Whittier) introduced Mark Grajeda, General Manager of the Pico Water District, to present this item.

Mr. Grajeda provided a brief history of perfluorinated chemicals, and explained that the Pico Water District had received a "detection" (a hit of PFAS/PFOS) in three of their wells. Mr. Grajeda added that the detections were above the Notification Level set by DDW, but below the Response Level. Mr. Grajeda also stated that the cumulative Health Advisory Level set by the USEPA is not a required health or response level.

Mr. Grajeda stated that the Pico Water District detections for PFOA/PFOS resulted in local news coverage. A *Whittier Daily News* article used the words "contaminated" and "tainted" to describe Pico Rivera's water supply. Mr. Grajeda explained that "contaminated" is a word used by the Department of Drinking Water (DDW), but the word "tainted" is simply false. Mr. Grajeda reiterated that

there was a detection of a chemical above the Notification Level, but this does not mean the water supply is “tainted.” Mr. Grajeda added that any health effects from exposure to PFOA/PFOS are not acute, and the chemicals have been around since the 1950s, when they were created by 3M.

Mr. Grajeda explained the California Health & Safety Code Section 116681 requires cities to disclose PFOA/PFOS detection above a certain level, so the Pico Water District issued a public statement. The City of Pico Rivera also held a meeting regarding the test results, and the *Whittier Daily News* wrote a follow-up story with additional facts. Mr. Grajeda concluded by adding that PFOA/PFOS treatments are available, including using granular activated carbon, iron exchange, and reverse osmosis.

Policy Board Chair Fernando Dutra (Whittier) asked Mr. Grajeda if the Pico Water District had any lingering issues after issuing their public statement. Mr. Grajeda said that the school district told parents their children shouldn’t drink the water at school, and should bring bottled water instead. Board Member Gustavo Camacho (Pico Rivera) added that this notice from the school district created panic and distrust in the community. The City held multiple meetings, communicated via social media, and met with the school district. Board Member Camacho added that they have also met with Assemblymember Cristina Garcia regarding the passage of PFOA/PFOS legislation.

AE Member Adriana Figueroa (Paramount) added that there is no federally-mandated Maximum Contaminant Level (MCL) established for PFOA/PFOS.

Board Member Maria Belen Bernal (Vernon) inquired if a City was not selected for mandatory PFOS/PFOA testing, would Mr. Grajeda suggest testing voluntarily. Mr. Grajeda answered that all cities should decide for themselves whether to test voluntarily, but stressed that cities need to have a plan and tools in place, and be prepared for any test result.

Policy Board Chair Durta (Whittier) called for a motion to receive and file the item. The motion was made by Board Member Rebollo (Commerce) and seconded by Board Member Trujillo (Santa Fe Springs). The motion was approved by a unanimous voice vote of the Policy Board.

7. DISCUSSION OF SEWC LEAD AGENCY SUCCESSION

Administrative Entity (AE) Chair, Ray Cordero (Whittier), provided an overview of this item to the Policy Board.

SEWC Board of Directors Vice-Chair Oralia Rebollo (Commerce) addressed the Board Members, stating that she will accept the position of SEWC Board Chair and Commerce as SEWC Lead Agency for the incoming term beginning

July 1, 2020 and ending June 30, 2022.

Kristen Sales (KJServices Environmental Consulting) added that with Commerce becoming the next Lead Agency, this would make the City of Vernon the incoming Vice-Chair. Ms. Sales explained that this was due to the schedule set by the SEWC Lead Agency Transition History Document, which was approved and adopted by the SEWC Board of Directors on October 5, 2017.

Policy Board Chair Dutra (Whittier) called first for a motion to receive and file the report from incoming Lead Agency Chair Rebollo. The motion was made by Board Member Camacho (Pico Rivera) and seconded by Board Member Trujillo (Santa Fe Springs). Policy Board Chair Dutra then called for a motion to designate the City of Commerce as incoming Lead Agency and City of Vernon as incoming Vice-Chair, for the period of July 1, 2020 to June 30, 2022. This motion was made by Board Member Trujillo (Santa Fe Springs) and seconded by Board Member Dutra (Whittier). Both motions were approved by a unanimous voice vote of the Policy Board.

8. DECEMBER 5, 2019 POLICY BOARD MEETING

After a brief discussion of schedules among the Board Members, Policy Board Chair Dutra (Whittier) called for a motion to cancel the regularly scheduled December 5, 2019 SEWC Board of Directors meeting. The motion was made by Board Member Rebollo (Commerce) and seconded by Board Member Bernal (Vernon). The motion was approved by a unanimous voice vote of the Policy Board.

9. BOARD OF DIRECTORS COMMENTS

No comments were received.

10. ADMINISTRATIVE ENTITY CHAIR / LEAD AGENCY COMMENTS

No comments were received.

11. ADJOURNMENT

Policy Board Chair Dutra (Whittier) adjourned the meeting at 7:22pm.

CHAIRMAN

ATTEST:

Southeast Water Coalition**Warrant Listing October 1, 2019 thru February 3, 2020**

Check #	Amount	Check Date	Transaction Description	Vendor Name
300963	\$468.11	10/4/2019	SEWC MEETING	CREPES & GRAPES CAFE
301435	\$300.00	10/25/2019	SEWC BOARD MEETING	MARIA BELEN BERNAL
301446	\$150.00	10/25/2019	SEWC BOARD MEETING	GUSTAVO CAMACHO
301463	\$150.00	10/25/2019	SEWC BOARD MEETING	FERNANDO DUTRA
301467	\$150.00	10/25/2019	SEWC BOARD MEETING	FRANK YOKOYAMA
301494	\$1,580.00	10/25/2019	SEWC CONSULTING	KJSERVICES ENVIRONMENTAL CONSULTING
301501	\$127.67	10/25/2019	SEWC AE MTG	LASCARIS AND SONS INC
301508	\$150.00	10/25/2019	SEWC BOARD MEETING	JOHN MORA
301526	\$150.00	10/25/2019	SEWC BOARD MEETING	ORALIA Y. REBOLLO
301543	\$35.84	10/25/2019	SUPPLIES	SMART AND FINAL IRIS
301554	\$300.00	10/25/2019	SEWC BOARD MEETING	STEVEN W. CROFT
301565	\$150.00	10/25/2019	SEWC BOARD MEETING	JUANITA ANN TRUJILLO
301593	\$150.00	10/25/2019	SEWC BOARD MEETING	MELISSA ANNA YBARRA
301703	\$235.73	11/1/2019	SEWC LEGAL FEES	RICHARDS,WATSON & GERSHON
302188	\$314.53	11/22/2019	SEWC BOARD MEETING	LASCARIS AND SONS INC
302240	\$70.31	11/22/2019	SUPPLIES	SMART AND FINAL IRIS
302352	\$1,100.00	11/29/2019	SEWC CONSULTING	KJSERVICES ENVIRONMENTAL CONSULTING
302391	\$493.00	11/29/2019	SEWC LEGAL FEES	RICHARDS,WATSON & GERSHON
302487	\$3,000.00	12/6/2019	REIMB FOR 18/19 AUDIT	CITY OF DOWNEY
302879	\$80.00	12/20/2019	SEWC CONSULTING	KJSERVICES ENVIRONMENTAL CONSULTING
303641	\$3,250.00	1/24/2020	SEWC AUDIT FEES	WHITE NELSON DIEHL EVANS LLP
Total	<u>\$12,405.19</u>			



A joint powers authority to protect the Central Groundwater Basin

**SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT**

Date: February 6, 2020
To: Southeast Water Coalition Board of Directors
From: Jason Wen, Administrative Entity
Tia Lebherz, Executive Director of External Affairs, California Water Efficiency Partnership (Cal-WEP)

Subject: Presentation on statewide water conservation

Recommendation: That the Board take the following action:

Receive and file an update on statewide water conservation legislation.

Background

In the aftermath of California's five-year, statewide drought (2012-2017), the State Legislature passed a series of bills to address California's long-term water conservation and efficiency goals. These bills include:

- **AB 1668 and SB 606 Water Conservation & Drought Planning**, which establishes water use objective and long-term standards for water efficient water use.
- **AB 2371 Landscape Water Use Efficiency**, which authorizes home inspection and audit on household landscape irrigation efficiency practices.
- **SB 966 Onsite Treated Nonpotable Water Systems**, which requires local jurisdictions to adopt prescribed risk-based water quality standards when establishing a program for the onsite treatment of nonpotable water.

Many statutes and regulations passed over the past two to three years will begin to take effect in January, 2020, or later this year.

Discussion

One of the long-term water efficiency standards implemented by AB 1668 and SB 606 is a standard for indoor residential water use, which has been provisionally set at 55 gallons per capita per day (GPCD). Some media coverage of this standard has stated

that 55 GPCD means that residents will not be able to do laundry and take a shower on the same day. Provisions of this legislation also include mandated monthly water usage reports from water purveyors, and a progressive enforcement approach for violations.

To better understand the timeline and details of these efficiency standards, and their impact on community water systems, it is recommended the SEWC Board of Directors receive and file an update on efficiency standards from the Executive Director of External Affairs at the California Water Efficiency Partnership (Cal-WEP), Tia Lebherz.

Attachment(s):

1. Water Conservation and Efficiency Legislation (after the 2012-2017 drought) -- staff report prepared by SEWC Administrative Entity Member Jason Wen (Lakewood)
2. Cal-WEP Fact Sheet on Long Term Conservation Legislation
3. Making Conservation A California Way of Life - Cal-WEP presentation

Water Conservation and Efficiency Legislation (after the 2012-2017 drought)

Statutes

[Water Conservation & Drought Planning](#), AB 1668 (Friedman, 2018)/SB 606 (Hertzberg, 2018) SB 606 and AB 1668 establish guidelines for efficient water use and a framework for the implementation and oversight of the new standards, which must be in place by June 2022.

- Establishing water use objectives and long-term standards for efficient water use that apply to urban retail water suppliers; comprised of indoor residential water use, outdoor residential water use, commercial, industrial and institutional (CII) irrigation with dedicated meters, water loss, and other unique local uses.
- Providing incentives for water suppliers to recycle water.
- Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought.
- Compliance is to meet system aggregate objectives; enforcement may start November 2023 with a potential fines of up to \$100/day (fine may start November 2025).

[Landscape Water Use Efficiency](#), AB 2371 (Carrillo, 2018)

- This bill would require the board to confer with specified entities to determine whether any updates or revisions to the examination are needed to reflect new and emerging landscape irrigation efficiency practices, as specified.
- This bill would authorize a home inspection report on a dwelling unit on a parcel containing an in-ground landscape irrigation system to include certain information regarding the operation and observation of the irrigation system.

[Onsite Treated Nonpotable Water Systems](#), SB 966 (Wiener, 2018)

- By December 1, 2022, require to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, as provided.
- By December 1, 2023, require to develop and propose for adoption any necessary corresponding building standards to support the risk-based water quality standards.

Regulations

Rulemaking to [implement 2018 Water Efficiency Legislation](#)

Rulemaking on [Urban Water Supplier Monthly Water Conservation Reports](#) – (Public comment period: December 18, 2019 through Friday, January 31, 2020.)

Rulemaking on [Water Loss Control](#) – (Started 2018, currently pre-formal rulemaking phase)

- Develop water loss performance standards for urban retail water suppliers between January 2019 and July 2020, and to evaluate the life-cycle cost of achieving these standards.

Rulemaking on [Waste and Unreasonable Water Uses](#) – (Started 2017, In-progress)

- Prohibit wasteful water use practices

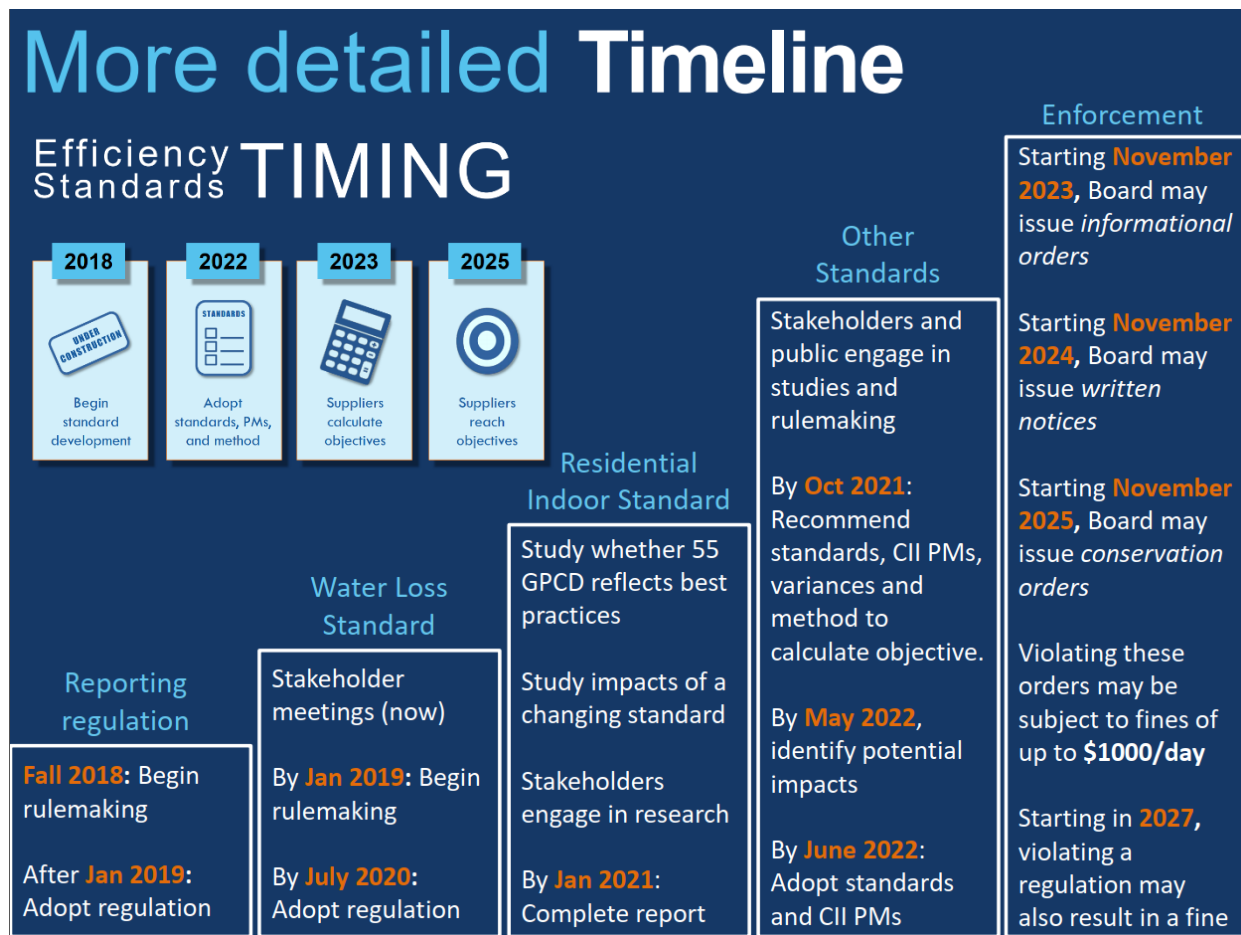
Highlights of Regulatory Activities

Legislation passed in 2018 ([AB 1668](#) and [SB 606](#)) directed the State Water Board to adopt long-term standards for the efficient use of water by June 30, 2022. The formal rulemaking will begin in 2021. The standards include the following:

- A standard for indoor residential use, which the Legislature has provisionally set at 55 gallons per capita per day (GPCD). The indoor standard is set to decrease to 52.5 GPCD beginning January 2025, and to 50 GPCD beginning in 2030. Based on the results of a forthcoming report, the standard may be adjusted upwards.
- To-be-determined standards for 1) outdoor residential use, 2) outdoor irrigation of landscape areas with dedicated irrigation meters in connection with Commercial, Industrial, and Institutional (CII) properties and 3) water loss from water distribution systems.

Key Provisions:

- Monthly report requirement
- Shift percent reduction to efficiency-based approach
- Progressive enforcement approach
- New requirements for urban and agricultural water management planning.



Residential GPCD Data

Statewide R-GPCD Data

Hydrologic Region	January				
	2015	2016	2017	2018	2019
Central Coast	60	49	49	57	51
Colorado River	118	93	89	115	112
North Coast	54	50	50	53	48
North Lahontan	70	58	60	59	60
Sacramento River	74	68	69	69	66
San Francisco Bay	57	49	51	53	50
San Joaquin River	68	62	63	71	66
South Coast	73	62	57	74	65
South Lahontan	71	68	60	77	66
Tulare Lake	75	70	72	82	75
Statewide R-GPCD	70	61	58	70	63

Hydrologic Region	June					
	2014	2015	2016	2017	2018	2019
Central Coast	100	76	80	86	86	80
Colorado River	222	170	170	199	193	197
North Coast	88	79	86	76	81	75
North Lahontan	162	115	134	140	140	125
Sacramento River	187	137	163	172	170	150
San Francisco Bay	99	70	79	84	83	81
San Joaquin River	195	127	138	143	153	145
South Coast	121	91	95	99	97	89
South Lahontan	188	133	145	138	152	141
Tulare Lake	201	155	167	182	184	170
Statewide R-GPCD	132	98	105	111	110	102

FACT SHEET ON LONG-TERM CONSERVATION LEGISLATION

Overview

On May 31, 2018 Gov. Jerry Brown signed into law two new bills that will require urban water providers throughout California to set new permanent water use targets for their service areas by 2022. Senate Bill 606 (Hertzberg) and Assembly Bill 1668 (Friedman) provide a framework for setting water use targets, as well as implementing and enforcing the new water use requirements. There are no immediate impacts to customers from these new laws.

While many details for implementing the new water use requirements will be determined over the next several years, the overall framework includes:

- A standard for indoor residential water use of 55 gallons per person per day—dropping incrementally to 50 gallons beginning in 2030.
- A standard for outdoor water use (to be determined) based upon and the amount of irrigable landscaped area for a residential or dedicated irrigation commercial account and the community's climate.
- A standard for water loss due to leaks in water system pipes (to be determined).

These three standards will be calculated and added together to represent an overall water use target (in gallons) for the water provider. Although some local water providers in California base their rates on a water budget for each customer, the new state laws do not contain water use targets for individual residents or businesses.

These laws outline an overall framework to guide urban water providers in setting water use targets, which must be approved by the State Water Resources Control Board (State Water Board). However, urban water providers will determine how their service area can best achieve the new water use target. Urban water providers will set and monitor targets for their service area as a whole (not on an individual basis) and will determine how to help their customers collectively reach the new targets. Urban water providers who do not meet their targets can be fined by the State Water Board (up to \$1,000 per day during non-drought years and \$10,000 per day during drought emergencies). Fines apply to the urban water provider and not to individuals.

In California, droughts are a part of life, and the next dry year is always right around the corner. Californians have consistently shown their willingness to do their part to use water efficiently no matter the weather. Urban water providers look forward to continuing their

FREQUENTLY ASKED QUESTIONS

How will the new laws impact customers?

There are no immediate impacts to customers. Over the next several years, specific water use targets will be set for a water provider's overall service area (not on an individual basis) based upon the standards outlined in the laws. Once water provider-level targets are established in 2022 and implementation begins in 2023, water providers may choose to work with individual households and businesses to increase their water efficiency through available rebates, services and programs.

Will it be illegal to take a shower and wash clothes in the same day, as some media have reported?

No. There is nothing in the laws that specifies when or how often a person may shower or do laundry. The new laws outline an overall framework for setting and meeting water use targets at the water provider level. While the laws' framework does include a goal for individual indoor water use of 55 gallons per person per day beginning in 2022, this applies on an overall system-wide basis (and not an individual basis).

How hard will it be to meet the indoor target of 55 gallons per person per day?

It should not be hard. It's important to note that the indoor target of 55 gallons per person per day is not a goal for individual water use but will be measured across a water provider's entire service area and does not include outdoor water use. That said, water industry experts are projecting that many people are already meeting this indoor target or do not have far to go. The Alliance for Water Efficiency has an online water calculator that can estimate how much water a household uses indoors. You can find it at www.home-water-works.org/calculator. Additionally, many water providers offer rebates for indoor fixtures like toilets and clothes washers to incentive customers to upgrade to more efficient WaterSense and ENERGY STAR labeled models.

Will water providers be monitoring and evaluating individual water use as part of the new laws?

No. There is no requirement in the new laws that individual households must meet a specific target. The new laws provide a framework for setting targets, but those will be applied on a system-wide basis, and progress toward achieving targets will be reviewed on a system-wide basis.

How will the new laws impact businesses in California?

While the new laws do not set specific water use targets for business, they do outline a framework for creating new water efficiency performance measures for businesses—these are recommended actions for specific business sectors to improve water efficiency over time. Performance measures will be determined over the next several years, and the process will include opportunities for public input.

Will individual residents and businesses be fined for not meeting water use targets?

The regulations and associated water use targets are required for the water provider as a whole (including all customers) NOT at the individual resident or business level. Therefore, individuals and businesses will not be fined by the state for not meeting the water provider water use target. However, individuals and businesses may be fined for violating current local water provider water waste ordinances and guidelines. Note that such ordinances and guidelines exist currently and are not new.

What are water providers doing to help implement the law?

Water providers will be working with the State Water Board and others over the next several years to define how the new laws will be implemented. They are also laying the groundwork by investing in research, data and programs at the local level to better understand how the new laws might work within their communities. In the meantime, water providers are continuing to encourage conservation by offering a variety of rebates to increase the efficiency of indoor and outdoor water use through the replacement of older, less efficient fixtures such as toilets, clothes washers and irrigation equipment with newer more efficient models. Check your water provider's website for available rebates and services.

What are the next steps for implementing the new laws?

The laws will now be translated into regulations, which will outline details and rules for implementing the intent of the laws at the local level. Stakeholders (water providers, non-profit organizations and other interested parties) will work together over the next several years with state agencies (including the State Water Resources Control Board and the California Department of Water Resources) to finalize the regulations by the required deadline of 2022.

Why was the new law created?

The new rules were prompted by California's frequent cycles of drought and are meant to better prepare California for the next drought and the future effects of climate change on the state's water supplies. The overall goal is to make water conservation a way of life in California and a permanent part of the state's culture.

When will the new water conservation targets take effect?

Water providers must set new water conservation targets by 2022 and will be expected to begin implementing them by 2023 and every year after that. Again, these targets are service-area wide and not for individual households.

Will residents have to go back to saving water as they did during the drought?

No. The new laws create long term water use targets not short-term conservation targets like those implemented during the drought. The long-term targets are meant to inspire greater efficiency over time rather than mandate short-term cutbacks that require extreme measures such as not watering your lawn or flushing the toilet less.

MAKING CONSERVATION A CALIFORNIA WAY OF LIFE

UPDATE FOR SOUTHEAST WATER COALITION
FEB. 6, 2020 | 6:30 PM

Brought to you by



CALIFORNIA
**WATER EFFICIENCY
PARTNERSHIP**

A Chapter of the *Alliance for Water Efficiency*

WHAT WE'LL COVER

**Part
ONE**

**WHAT'S *ACTUALLY*
IN THE NEW LAWS?
(SB 606/AB 1668
AND SB 555)**

**Part
TWO**

**ENFORCEMENT,
REPORTING AND
COMPLIANCE**

**Part
THREE**

**CALWEP IS YOUR
IMPLEMENTATION
PARTNER**

“To make a long story short, now that these bills are law, it’s illegal to take a shower and do a load of laundry in the same day because you’ll exceed your ‘ration.’ ”

FALSE

ZEROHEDGE.COM BLOG POSTED JUNE 3, 2018

PART 1

WHAT'S
ACTUALLY
IN THE
LAWS?



HOW DID WE GET HERE?

2009

- Senate Bill x 7-7 (20% by 2020)

2014

- California Water Plan Update
 - Action 1: “Make Conservation a California Way of Life”
 - Action 5: “Manage and Prepare for Dry Periods”

2016

- Governor Brown Issued Executive Order B-37-16 entitled “Making Conservation A California Way of Life”

2017

- Implementation Framework Completed

2018

- Implementation Legislation: Senate Bill 606/Assembly Bill 1668
- Making Conservation A California Way of Life Primer Released

NEW LAWS

Senate Bill 606 and Assembly Bill 1668

- Signed by Governor Brown on May 31, 2018
- Interrelated bills that amend existing law
- Long-term water use efficiency/conservation
- Better prepare CA for droughts and climate change

Executive Department
State of California

EXECUTIVE ORDER B-37-16
MAKING WATER CONSERVATION A CALIFORNIA WAY OF LIFE

WHEREAS California has suffered through a severe multi-year drought that has threatened the water supplies of communities and residents, devastated agricultural production in many areas, and harmed fish, animals and their environmental habitats; and

WHEREAS Californians responded to the drought by conserving water at unprecedented levels, reducing water use in communities by 23.9% between June 2015 and March 2016 and saving enough water during this period to provide 6.5 million Californians with water for one year; and

WHEREAS severe drought conditions persist in many areas of the state despite recent winter precipitation, with limited drinking water supplies in some communities, diminished water for agricultural production and environmental habitat, and severely-depleted groundwater basins; and

WHEREAS drought conditions may persist in some parts of the state into 2017 and beyond, as warmer winter temperatures driven by climate change reduce water supply held in mountain snowpack and result in drier soil conditions; and

WHEREAS these ongoing drought conditions and our changing climate require California to move beyond temporary emergency drought measures and adopt permanent changes to use water more wisely and to prepare for more frequent and persistent periods of limited water supply; and

WHEREAS increasing long-term water conservation among Californians, improving water use efficiency within the state's communities and agricultural production, and strengthening local and regional drought planning are critical to California's resilience to drought and climate change; and

WHEREAS these activities are prioritized in the California Water Action Plan, which calls for concrete, measurable actions that "Make Conservation a California Way of Life" and "Manage and Prepare for Dry Periods" in order to improve use of water in our state.

FOUR PRIMARY GOALS

1. Use Water More Wisely

- Create, adopt, report, and enforce water budget-based method for quantifying urban retail water supplier water use targets

2. Eliminate Water Waste

- Setting urban retail supplier water loss standard, methodology, reporting and enforcement (in coordination with SB 555 requirements, 2015)
- Customer Prohibitions

3. Strengthen Local Drought Resilience

- Emergency declaration based on local water shortages
- Urban water shortage contingency planning
- Countywide planning for small water suppliers and rural communities

4. Improve Agricultural Water Use Efficiency & Drought Planning

TERMINOLOGY

- URBAN RETAIL WATER SUPPLIER: public or private supplier that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre feet of potable water annually
- OBJECTIVE: volumetric estimate of aggregate water use calculated from the standards for each urban retail water supplier
 - Used in the new laws
 - Aka Water Use Budget and/or Target
 - Example: 555 million gallons
- STANDARD: the equation/method used to calculate the volumetric estimates of the objective
 - Used in the new laws
 - Example: 55 gallons X population

CALCULATING WATER TARGETS

Contrary to what some media outlets have said....



Water targets will be set based on the overall water use of water provider (targets will not be set for individual customers!)

CALCULATING WATER TARGETS

To create each water provider's unique target, the following standards will be calculated and added together:

INDOOR USE



The standard for indoor residential water use is 55 gallons per person per day multiplied by the population of the service area.

OUTDOOR RESIDENTIAL USE



The standard for outdoor residential water use is based upon a community's climate and the amount of landscape area.

CII LANDSCAPE



The standard for outdoor CII water use for accounts with dedicated irrigation meters is still to be determined.

WATER LOSS



The standard for water loss due to leaks in the water system pipes is based on a loss standard per connection

THE INDOOR STANDARD

The standard for indoor residential water use is 55 gallons per person per day multiplied by the population of the service area.

55 GPCD x Service Area Population x 365 days = Indoor Standard



- GPCD will reduce to 52.5 by 2030 and 50 GPCD after 2030. (subject to change via Legislature)
- Water industry experts project that many people are already meeting this standard or do not have far to go.
- The Alliance for Water Efficiency has an online water calculator that can estimate how much water a household uses indoors. You can find it at: www.home-water-works.org/calculator.

THE OUTDOOR STANDARD

The standard for outdoor water use is based upon a community's climate and the amount of landscape area.

Outdoor Target = (Annual Evapotranspiration-Eto) x (Landscape Area) x (Evapotranspiration Adjustment Factor)



- Evapotranspiration or Eto
 - A measured weather factor of solar radiation, temperature, humidity, wind - plant transpiration
- Evapotranspiration Adjustment Factor or “ETAF”
 - Level of water use applied based upon landscape type
- The Model Water Efficient Landscape Ordinances (MWELO) use ETAF to establish water budgets for landscapes

THE OUTDOOR STANDARD

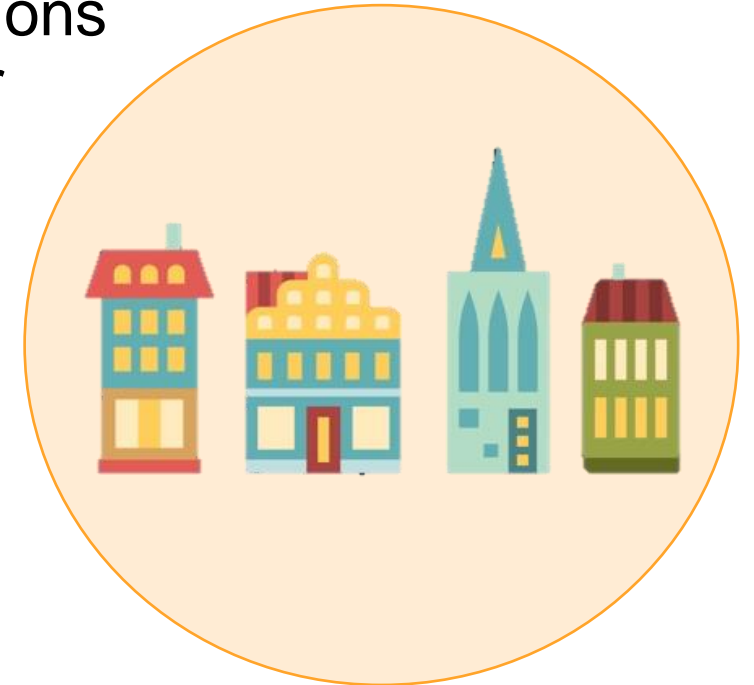


- State will provide residential landscape area measurements for each agency by January 2021
 - DWR started stakeholder process and pilots studies
 - Irrigable area will be estimated at the parcel level
 - Imagery will be available for a limited time via verification portal
- Target includes commercial, Industrial and Institutional landscape areas served by a dedicated meter (measurements not provided by State)

COMMERCIAL, INDUSTRIAL & INSTITUTIONAL

The standard for outdoor CII water use for accounts with dedicated irrigation meters is still to be determined.

- Additionally, the State will develop recommendations for performance measures through a stakeholder process
- State shall solicit input on:
 - Classification
 - Minimum thresholds for dedicated meters
 - Best management practices
- Studies beginning in 2020
- Adopt performance measures June 30, 2022



THE WATER LOSS STANDARD

Loss Target = (Loss Standard per Connection) x (Number of Connections)



Enforced outside of efficiency standard

- December 2019 discussion documents:
 - Individualized targets based on economic model considering only leak detection and repair
 - Distribution system pressure management plan
 - Asset management plan
 - Accuracy and testing requirements for meters



SB 555

“No earlier than January 1, 2019, and no later than July 1, 2020, the board shall adopt rules requiring urban retail water suppliers to meet performance standards for the volume of water losses. In adopting these rules, the board shall employ full life cycle cost accounting to evaluate the costs of meeting the performance standards. The board may consider establishing a minimum allowable water loss threshold that, if reached and maintained by an urban water supplier, would exempt the urban water supplier from further water loss reduction requirements.”

ADDITIONAL DETAILS

Variations

DWR will develop and recommend variations for each of the following unique water uses:

- Evaporative coolers
- Horses & other livestock
- Seasonal populations
- Landscape irrigated with recycled water
- Soil compaction & dust control
- Ponds & lakes to sustain wildlife
- Irrigation of vegetation for fire protection
- Agricultural uses
- Others TBD

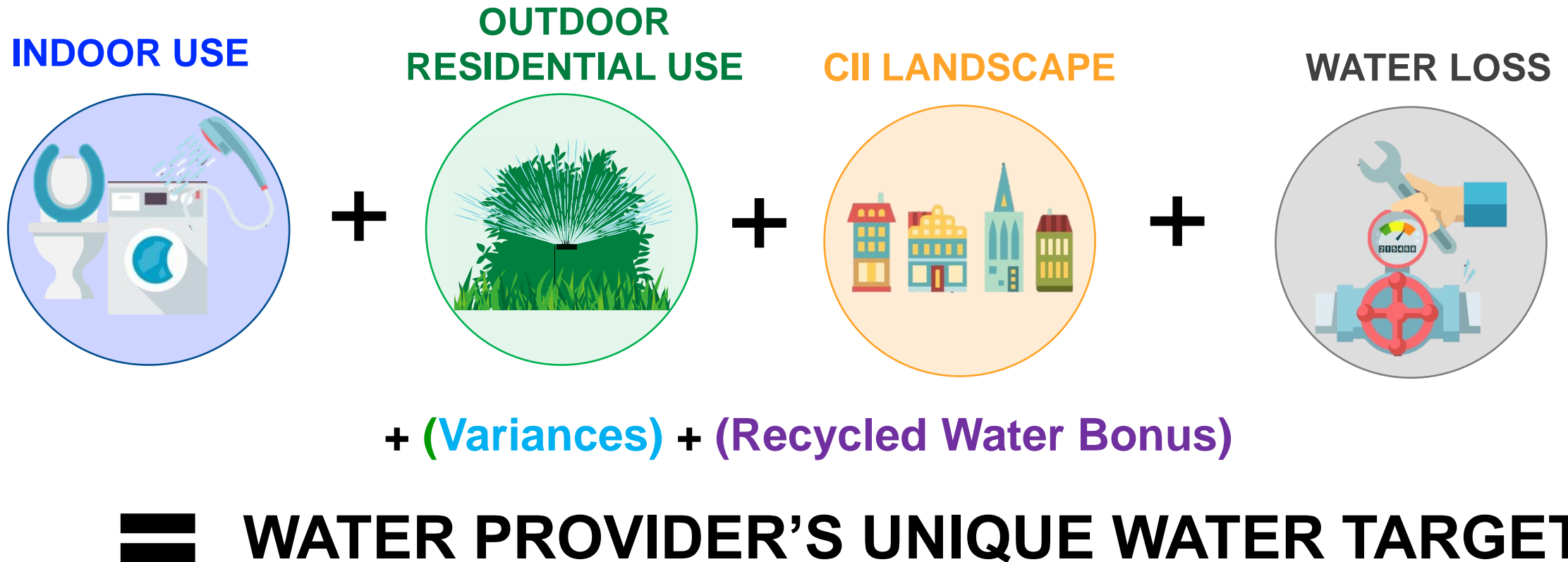
Potable Reuse Bonus Incentive

UP
TO **15%**

A credit of up to 15% of water use objective for potable reuse water delivered to residential water users and CII landscape areas with dedicated irrigation meters, if applicable.

CALCULATING WATER TARGETS

Providers will need to meet the SUM of the standards



PART 2

ENFORCEMENT, REPORTING AND COMPLIANCE



WHAT'S AHEAD?

2020

- Permanent monthly reporting
- Water loss standards

2021

- Recommendation on indoor standards
- Residential irrigable land measurements
- Recommendation on other standards*
- UWMP/WSCP Updates

2022

- Adoption of other standards*
- Annual water shortage assessment



*Other standards include:

- Outdoor residential use standard
- Standard for CII outdoor landscape area with dedicated irrigation meters
- Performance measures for CII water use
- Appropriate variances
- Guidelines and methodologies for calculating urban water use objectives

More detailed Timeline

Enforcement

Starting **November 2023**: Board may issue *informational orders*

Starting **November 2024**: Board may issue *written notices*

Starting **November 2025**: Board may issue *conservation orders*

Providers that violate these orders may be subject to fines of up to **\$1000/day**

Starting in **2027**: Violating a regulation may also result in a fine

Other Standards

Stakeholders and public engage in studies and rulemaking

By **Oct 2021**: Recommend standards, CII PMs, variances and method to calculate objective.

By **May 2022**: identify potential impacts

By **June 2022**: Adopt standards and CII PMs

Residential Indoor Standard

Study whether 55 GPCD reflects best practices

Study impacts of a changing standard

Stakeholders engage in research

By **Jan 2021**: Complete report

Water Loss Standard

Stakeholder meetings (now)

By **Jan 2019**: Begin rulemaking

By **July 2020**: Adopt regulation

Reporting regulation

Fall 2018: Begin rulemaking

After **Jan 2019**: Adopt regulation

THE PROCESS IS STARTING



State Agency Workgroups

Model Water Efficient Landscape Ordinance (Existing)

Landscape Area Measurements (Existing)

Wholesale Water Loss

Water Use Studies

Standards, Methodologies and Performance Measures

Urban Water Management Plan Guidebook

Annual Water Supply and Demand Assessment

Data Streamlining

REPORTING



- Applies to wholesale and retail water providers.
- Monthly Reports on water production use, and conservation will be required.
- Annual Reports of a water provider's previous year's aggregate water use with the urban water use objective will be required every November 1 -- beginning in 2023.
- Short time frame for compliance strategies to show results before water provider reporting starts.

PART 3

CALWEP IS YOUR IMPLEMENTATION PARTNER



OUR CALWEP COMMITMENT

- We were not involved in developing these legislative requirements.
- We know that complying with the law and implementing new programs won't be easy.
- **CalWEP is here to be your partner.** We are committed to helping our members comply as successfully and affordably as possible.
- Over the coming months and years, we will work closely with our colleagues at DWR, the SWRCB, and other partner organizations to provide support and resources for our agency members.

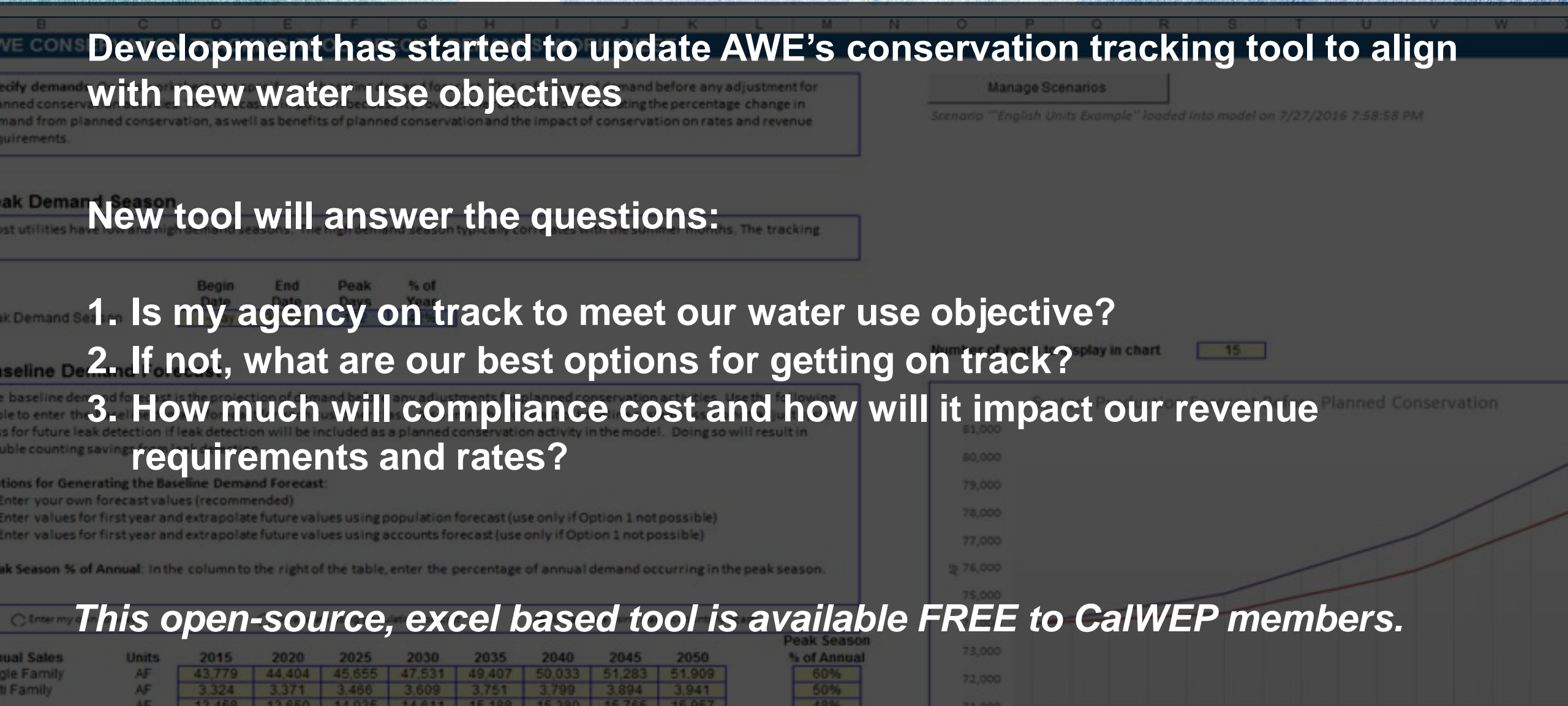
CONSERVATION TRACKING TOOL

Development has started to update AWE's conservation tracking tool to align with new water use objectives

New tool will answer the questions:

1. Is my agency on track to meet our water use objective?
2. If not, what are our best options for getting on track?
3. How much will compliance cost and how will it impact our revenue requirements and rates?

This open-source, excel based tool is available FREE to CalWEP members.



WATERVIEW PORTAL

A piece of the outdoor calculation involves aerial surveys to determine the amount of irrigated and irrigable landscape area for each water agency's service area.

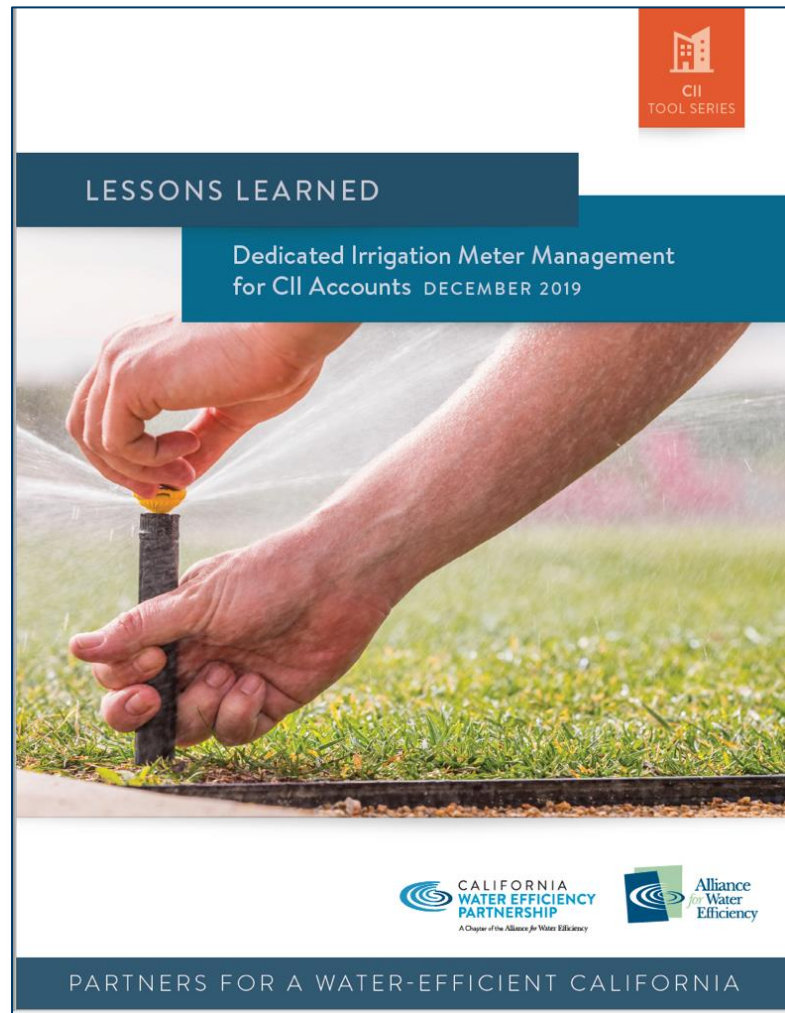


WATERVIEW
Water Conservation Software

1. Analyze total water saving water allocation at parcel level
2. Spot water use trends and identify water wasters
3. Aides in upcoming DWR reporting requirements

CalWEP member discount available.

DEDICATED METER CII ACCOUNTS GUIDANCE DOCUMENT



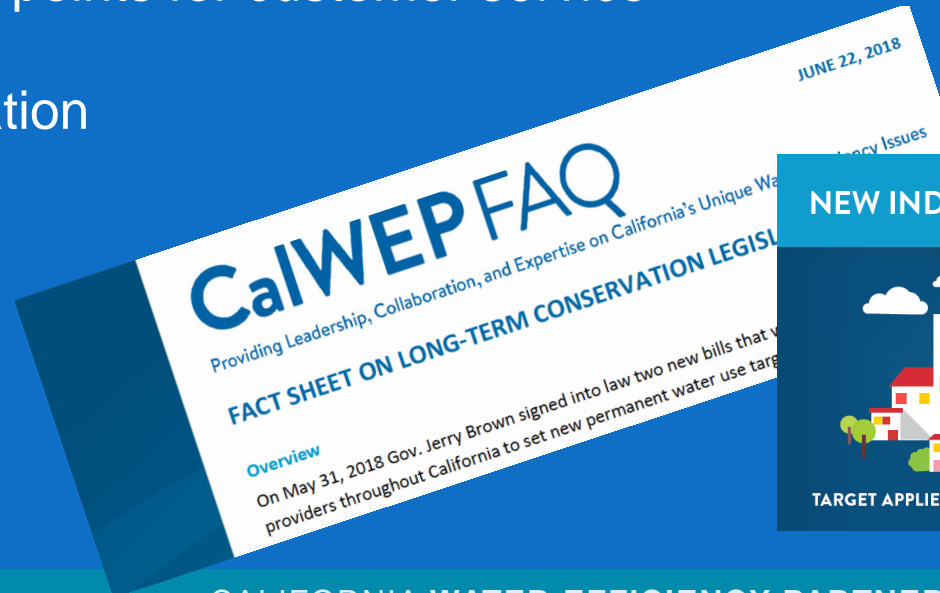
- Focused on best practice management of landscapes w/ dedicated irrigation meters, including those that implemented recommendations from the BMP Handbook No. 5 for large landscapes, or similar.



CALWEP'S MEDIA AND OUTREACH TOOLKIT

Available NOW on CalWEP's website (calwep.org)

- General fact sheet with frequently asked questions
- Infographic: Calculating Water Targets
- Social media sample posts with sharable images
- Template language for community publications
- One pager with talking points for customer service representatives
- Informational Presentation



California's New Water Efficiency Laws: Calculating Water Targets

New laws require urban water providers to set permanent water use targets for their service areas by 2022. But how will these new targets be calculated?

Water targets will be set based on the **overall** water use of water provider (not set for individual customers!)

To create each water provider's unique target, the following standards will be calculated and added together:

- INDOOR USE

The standard for indoor use is:

NEW INDOOR WATER USE TARGETS BY 2022

POPULATION X 55 GAL PER PERSON PER DAY

INDOOR WATER TARGET

TARGET APPLIES ON AN OVERALL SYSTEM-WIDE BASIS (not an individual basis)



CALIFORNIA
WATER EFFICIENCY
PARTNERSHIP

BECOME A MEMBER.



Annual dues are subsidized
by 50% for MWD Agencies.

QUESTIONS?

Become a member today.



Tia Lebherz
Executive Director, External Affairs

tia@calwep.org

310-963-0789



Southeast Water Coalition

A joint powers authority to protect the Central Groundwater Basin

SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY AGENDA REPORT

Date: February 6, 2020
To: Southeast Water Coalition Board of Directors
From: Ray Cordero, Chair, Administrative Entity

Subject: Update on Central Basin Lawsuit

Recommendation: That the Board take the following actions:

- 1) Receive and file a confidential update on the status of *City of Cerritos et al. v. Central Basin Municipal Water District*, provided to the Board under separate cover.
- 2) Approve action on allocation of funding for Petitioners.

Background:

At the August 29, 2019 Special Meeting of the Board of Directors, the Board met in closed session to discuss SEWC involvement in contributing funds to a potential lawsuit filed against Central Basin Municipal Water District by local water purveyors (Petitioners), challenging Central Basin's proposed retail meter charge on the grounds that it violates Props 26 and 218. The Board voted to allocate up to \$10,000 to the Central Basin lawsuit, inclusive of filing an amicus brief in favor of the purveyors (Petitioners), with the option of returning to the issue at a later date to discuss further support.

At the January 16, 2020 meeting of the SEWC Administrative Entity (AE), AE members received an update on the status of the Central Basin lawsuit from SEWC Legal Counsel Nick Ghirelli (RW&G). Mr. Ghirelli stated that Central Basin had answered the purveyors' petition, and a status hearing was held before Judge Mary Strobel in L.A. Superior Court on December 12, 2019. The following briefing schedule was established:

- April 17, 2020 - Petitioners' opening brief due
- May 15, 2020 - Central Basin's opposition brief due
- May 29, 2020 - Petitioners' reply due
- June 16, 2020 - Hearing on writ (trial)

Mr. Ghirelli has provided a confidential memo to the Board under separate cover that discusses the current status of the litigation and the timing and relative merits of filing an amicus brief in the case.

Discussion:

Since the SEWC Board of Directors has already approved the allocation of \$10,000 towards the Central Basin lawsuit, it is the recommendation of the Administrative Entity that those funds be sent to the Petitioners immediately.

Furthermore, the Administrative Entity believes that an amicus brief would have the most impact during the appeals process--and since the timeline for the appeals process is unknown, and may take years--the Administrative Entity recommends:

- 1) the full allocated amount of \$10,000 be paid to the Petitioners at this time;
- 2) SEWC revisit the idea of filing an amicus brief during the appeals, if any, at which time, if approved by the Board, the group can allocate additional money for the amicus brief.

Attachment(s):

None



Southeast Water Coalition

A joint powers authority to protect the Central Groundwater Basin

SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY AGENDA REPORT

Date: February 6, 2020
To: Southeast Water Coalition Board of Directors
From: Ray Cordero, Chair, Administrative Entity

Subject: **Draft Audit Report - Southeast Water Coalition (SEWC) Fiscal Year 2018/2019 Financial Statements**

Recommendation: That the Board of Directors take the following action:

Approve the Draft Southeast Water Coalition (SEWC) Fiscal Year 2017/2018 Financial Statements with Report on Audit, and authorize the draft audit report to be finalized and filed with the County.

Discussion

Sections 7.i and 14.b of the Southeast Water Coalition (SEWC) Joint Powers Agreement (Agreement), dated June 28, 2005, outline SEWC's budget policies. According to the Agreement, an independent annual audit of SEWC's financial statements shall be conducted by a certified public accountant in compliance with Government Code Section 26909. Additionally, the report of said audit shall be filed as a public record with each agency and the County Auditor.

The SEWC Board of Directors authorized the City of Whittier's Director of Finance, serving as SEWC Treasurer and Controller, to award a source contract to White Nelson Diehl Evans, LLP (WNDE) to administer the annual audit of SEWC financial documents for Fiscal Year (FY) 2018-2019, and prepare the Financial Transactions Report and Supplement for the total cost of \$5,450.

SEWC received the Draft Financial Statements from WNDE on January 13, 2019. The audit finds that SEWC's financial statements were presented in conformity and in accordance with accounting principles generally accepted in the United States of America.

It is the recommendation of the AE that the Board of Directors approve the Draft SEWC Fiscal Year 2018-2019 Financial Statements with Report on Audit, dated June 30, 2019, and authorize the draft audit report be finalized and filed with the County.

Attachment(s):

1. Management Representation letter from Whittier
2. Draft Audit Committee Letter
3. Draft Southeast Water Coalition Fiscal Year 2018-2019 Financial Statements with Report on Audit



City of Whittier

13230 Penn Street, Whittier, California 90602-1716
(562) 567-9999 Fax (562) 567-2873 www.cityofwhittier.org

February 6, 2020

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

This representation letter is provided in connection with the audit of the financial statements of Southeast Water Coalition (Coalition), which comprise the respective financial position of the governmental activity and General Fund as of June 30, 2019 and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of February 6, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 10, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the required supplementary information (if applicable) in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Coalition and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements, if applicable.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Coalition is contingently liable, if any have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons involved with administering the Coalition's activities from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Policy Board and Administrative Entity or summaries of actions of recent meeting for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud, which are that we have no knowledge of any fraud or suspected fraud that affects the Coalition and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the Coalition's financial statements communicated by administrative staff, member agencies, regulators, or others.

- 14) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 15) We have disclosed to you all known or actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 16) We have disclosed to you the identity of the Coalition's related parties and all the related party relationships and transactions of which we are aware.

Government- specific

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 19) The Coalition has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Coalition.
- 21) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), or provisions of contracts and grant agreements, whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 26) The Coalition has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The Coalition has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) We acknowledge our responsibility for the required supplementary information (RSI), if applicable. We have disclosed to you that we will not be including the Management's Discussion and Analysis with the financial statements.

Signature: 

Print Name: Monica Lo

Title: Treasurer, City of Whittier

Signature: 

Print Name: Kyle Cason

Title: Administrative Entity Member, SEWC

To the Administrative Entity Members
of the Southeast Water Coalition
Whittier, California

We have audited the financial statements of the Southeast Water Coalition (the Coalition) as of and for the year ended June 30, 2019, and have issued our report thereon dated **REPORT DATE**. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated July 10, 2019, and our letter on planning matters dated July 15, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Coalition are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the Coalition during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Coalition's financial statements is management's estimate of the fair value of investments, which is the price that would be received to sell an asset in an orderly transaction between market participants, which is based on market values provided by outside sources.

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

Difficulties Encountered in Performing the Audit

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

Significant Audit Findings (Continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management of the Lead Agency, the City of Whittier, that are included in separate management representation letter dated **REP LETTER DATE**.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

We did notice that the annual member contributions for the year ended June 30, 2019 were not billed out until late in the fiscal year. Typically, this process has been done at the beginning of the fiscal year. The delay appears to have been the result of the transition of the financial recordkeeping from the City of Downey to the City of Whittier.

Restriction on Use

This information is intended solely for the use of the Board of Directors, Administrative Entity Members, management, and others within the Southeast Water Coalition and is not intended to be and should not be, used by anyone other than these specified parties.

Irvine, California

DATE

SOUTHEAST WATER COALITION
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2019

PRELIMINARY DRAFT

SOUTHEAST WATER COALITION

TABLE OF CONTENTS

June 30, 2019

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Basic Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Financial Statements	6 - 10

PRELIMINARY DRAFT

INDEPENDENT AUDITORS' REPORT

To the Administrative Entity Members
of the Southeast Water Coalition
Whittier, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activity and general fund of the Southeast Water Coalition (the Coalition) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Coalition'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 Coalition's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and the general fund of the Coalition as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Irvine, California

REPORT DATE

PRELIMINARY DRAFT

SOUTHEAST WATER COALITION

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

June 30, 2019

	General Fund	Adjustments (Note 1D)	Statement of Net Position
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 168,317	\$ -	\$ 168,317
Due from member agencies	55,000	-	55,000
Interest receivable	901	-	901
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 224,218</u>	-	224,218
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	\$ 3,274	-	3,274
Due to other governments	3,000	-	3,000
FUND BALANCE/NET POSITION			
FUND BALANCE:			
Unassigned	<u>217,944</u>	<u>(217,944)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 224,218</u>		
NET POSITION:			
Unrestricted net position		<u>\$ 217,944</u>	<u>\$ 217,944</u>

See accompanying notes to financial statements.

SOUTHEAST WATER COALITION

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

For the year ended June 30, 2019

	General Fund	Adjustments (Note 1D)	Statement of Activities
EXPENDITURES/EXPENSES:			
Current:			
Contract services	\$ 16,780	\$ -	\$ 16,780
Professional services	9,553	-	9,553
Travel, supplies, and meetings	3,729	-	3,729
Policy Board compensation	6,000	-	6,000
	<u>36,062</u>	<u>-</u>	<u>36,062</u>
TOTAL EXPENDITURES/EXPENSES			
PROGRAM REVENUES:			
Operating grants and contributions:			
Contributions from members	55,000	-	55,000
Investment income	6,201	-	6,201
	<u>61,201</u>	<u>-</u>	<u>61,201</u>
TOTAL PROGRAM REVENUES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/ CHANGE IN NET POSITION			
	25,139	-	25,139
FUND BALANCE/NET POSITION:			
BEGINNING OF YEAR	<u>192,805</u>	<u>-</u>	<u>192,805</u>
END OF YEAR	<u><u>\$ 217,944</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 217,944</u></u>

See accompanying notes to financial statements.

SOUTHEAST WATER COALITION

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Operating contributions from members	\$ 55,000	\$ 55,000	\$ -
Investment income	1,000	6,201	5,201
TOTAL REVENUES	56,000	61,201	5,201
EXPENDITURES:			
Current:			
Contract services	37,000	16,780	20,220
Professional services	71,500	9,553	61,947
Travel, supplies, and meetings	5,100	3,729	1,371
Policy Board compensation	9,900	6,000	3,900
TOTAL EXPENDITURES	123,500	36,062	87,438
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,500)	25,139	92,639
FUND BALANCE - BEGINNING OF YEAR	192,805	192,805	-
FUND BALANCE - END OF YEAR	\$ 125,305	\$ 217,944	\$ 92,639

See accompanying notes to financial statements.

SOUTHEAST WATER COALITION
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

On July 1, 1991, certain public agencies entered into a joint powers agreement to form the Southeast Water Coalition (the Coalition). Each member has one representative on the Policy Board and on the Administrative Entity. The purpose of the Coalition is to jointly exercise its powers for the purpose of improving the quality and quantity of potable water in the southeast area of Los Angeles County. The Coalition members are the cities of Downey, Whittier, Paramount, Pico Rivera, Lakewood, Norwalk, Commerce, Vernon, Cerritos, South Gate, and Santa Fe Springs.

It is the firm position of the Coalition that both the containment at Whittier Narrows and cleanup of the San Gabriel Basin are essential to the protection of the Central Basin. The containment program is the Coalition's primary short-term focus because the Whittier Narrows containment program serves primarily to protect the Central Basin.

In addition, the Coalition will work with communities and agencies in the San Gabriel Basin to expedite the cleanup of the San Gabriel Basin as a no less important, but longer term, focus. In addition, it is the goal of the Coalition to return the decision-making authority, both in terms of alternatives chosen and lead agency status with respect to the implementation of the containment program at Whittier Narrows and the cleanup of the San Gabriel Basin, to agencies at the local or state level while pursuing funds at the federal, state, and local levels.

B. Financial Statement Presentation

Governmental entities are required to report information on a government-wide basis and on a fund basis (with emphasis placed on major funds of the entity). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. The governmental fund financial statements (i.e., the balance sheet and the statement of revenues, expenditures, and changes in fund balance) report information on individual funds of the government. A fund is considered to be a separate accounting entity with a self-balancing set of accounts.

SOUTHEAST WATER COALITION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Statement Presentation (Continued)

Since the Coalition is engaged in a single governmental activity and has no component units, the government-wide and governmental fund financial statements have been combined on the same statement with a reconciliation of the individual line items in a separate column titled "Adjustments." The government-wide financial statements are reported in the "Statement of Net Position" and the "Statement of Activities" columns. The governmental fund financial statements are reported in the "General Fund" column.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Under the modified accrual basis of accounting, revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Coalition considers revenues to be available if they are collected within a 60-day period to pay current liabilities at the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Amounts reported as program revenues are charges to member cities for goods, services, or privileges provided and related investment income.

SOUTHEAST WATER COALITION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-wide and Fund Financial Statements

Certain line items in the basic financial statements may require adjustments to convert from the fund financial statements, which are reported using the current financial resources measurement focus and modified accrual basis of accounting, to the government-wide financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting. For the year ended June 30, 2019, the Coalition did not have any adjustments to make.

E. New Accounting Pronouncements

Current-Year Standards

The following are Governmental Accounting Standards Board (GASB) current-year standards:

GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. This standard did not impact the Coalition.

GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018. This standard did not impact the Coalition.

Pending Accounting Standards

GASB has issued the following statements that may impact the Coalition's financial reporting requirements in the future:

GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.

GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.

GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

SOUTHEAST WATER COALITION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Data

The Coalition adopts an annual budget at the beginning of each fiscal year. The budget is prepared by the Budget Adhoc Committee and submitted to the Administrative Entity. The Administrative Entity reviews the budget, makes adjustments, and prepares the budget report for presentation to the Policy Board. The budget is legally enacted by a majority vote of the Policy Board at a noticed meeting. Any amendments must be approved by the Policy Board in accordance with prescribed procedures.

G. Net Position and Fund Balances

Classification of Net Position

Net position in the government-wide financial statements is reported as follows:

Unrestricted Net Position - This category represents the net position of the Coalition that is not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Coalition's policy is to apply restricted net position first. The Coalition did not have restricted net position during the current year.

Governmental Fund Balance Classifications

Fund balance is reported on the fund statements as follows:

Unassigned Fund Balance - This classification includes the residual balance for the Coalition's general fund and includes all spendable amounts that have not been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Coalition's policy is to apply the restricted fund balance first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Coalition's policy is to apply the committed fund balance first, then the assigned fund balance, and finally the unassigned fund balance. The Coalition did not have restricted, committed, or assigned fund balances during the current year.

SOUTHEAST WATER COALITION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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 expenditures during the reporting period. Actual results could differ from those estimates.

I. Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through **REPORT DATE**, the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

The Coalition's cash was maintained in a deposit and investment pool managed by the City of Whittier during the year ended June 30, 2019. This pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council of the City of Whittier. The Coalition has not adopted a deposit and investment policy separate from that of the City of Whittier.

Information regarding the City of Whittier's deposit and investment pool, including interest rate, credit, and custodial credit risks, can be found in the City of Whittier's Comprehensive Annual Financial Report for the year ended June 30, 2019, located at City Hall and on the City of Whittier's website.