

1 CRAIG A. PARTON, State Bar No. 132759
CAMERON GOODMAN, State Bar No. 307679
2 PRICE, POSTEL & PARMA LLP
200 East Carrillo Street, Fourth Floor
3 Santa Barbara, California 93101
4 Telephone: (805) 962-0011
Facsimile: (805) 965-3978

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Government Code § 6103**

5 Attorneys for
6 Antelope Valley Watermaster

7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT**

10
11 Coordination Proceeding,
Special Title (Rule 1550(b))

Judicial Council Coordination
Proceeding No. 4408

12
13 **ANTELOPE VALLEY GROUNDWATER
CASES**

LASC Case No.: BC 325201

Santa Clara Court Case No. 1-05-CV-049053
Assigned to the Hon. Jack Komar, Judge of the
Santa Clara Superior Court

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18 **AND ALL RELATED ACTIONS**

**DECLARATION OF MATTHEW
KNUDSON IN SUPPORT OF ANTELOPE
VALLEY WATERMASTER'S
OPPOSITION TO PHELAN PIÑON
HILLS COMMUNITY SERVICES
DISTRICT'S MOTION FOR
DECLARATORY RELIEF RE
WATERMASTER RESOLUTION NO. R-
19-27 AND NOTICE OF ASSESSMENT
OF REPLACEMENT WATER
ASSESSMENTS FOR 2016, 2017 AND 2018**

*[Opposition to District's Motion for
Declaratory Relief and Declaration of
Patricia Rose filed concurrently herewith]*

Date: November 7, 2019
Time: 9:00 a.m.
Dept: Courtcall

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I, MATTHEW KNUDSON, declare as follows:

1. I have personal knowledge of the matters set forth below and if called as a witness I could and would testify competently thereto.

2. I serve as the General Manager for the Antelope Valley State Water Contractors Association (“AVSWCA”). I also serve as Assistant General Manager for Antelope Valley-East Kern Water Agency (“AVEK”).

3. I was personally involved in the cooperative process between the AVSWCA and the Antelope Valley Watermaster (“Watermaster”) to establish the Replacement Water Assessment (“RWA”) rates for Parties both within and outside the AVSWCA boundaries.

4. At its January 24, 2018 meeting, the Watermaster Board adopted Resolution No. R-18-04, which instructed Watermaster staff to impose RWAs for Production by Phelan Piñon Hills Community Service District in 2016 and 2017. True and correct copies of the Board-approved minutes from the January 24, 2019 Watermaster Board meeting, and excerpts from the relevant sections of the agenda and Board packet, are attached hereto as Exhibits 1 and 2, respectively.

5. At its February 28, 2018 meeting, the Watermaster Board considered and approved Resolution No. R-18-08, setting the 2018 RWA rate for Parties within the AVEK service area. It was noted at the meeting that the established RWA rate would apply only within the AVEK service area, and that 2018 RWA rate for Parties within the Palmdale Water District (“PWD”) and Littlerock Creek Irrigation District (“LCID”) service areas would be established at a later date. True and correct copies of the Watermaster Board-approved minutes from the February 28, 2018 meeting, and excerpts from the relevant sections of the agenda and Board packet, are attached hereto as Exhibits 3 and 4, respectively.

6. At its July 19, 2018 meeting, the AVSWCA Board of Commissioners considered approval of a professional services agreement with Raftelis Financial Consultants, Inc. (“Raftelis”) for the purpose of retaining Raftelis to eventually generate the Financial Analysis Study for Replacement Water Assessment Final Report dated March 6, 2019 (the “Raftelis

1 Report”). A true and correct copy of the agenda and minutes for the July 19, 2018 AVSWCA
2 Board of Commissioners meeting is attached hereto as Exhibit 5.

3 7. The Raftelis professional services agreement was approved by the AVSWCA
4 Board of Commissioners and executed effective August 1, 2018. A true and correct copy of the
5 fully executed Raftelis professional services agreement is attached hereto as Exhibit 6.

6 8. After the Raftelis professional services agreement was executed, AVSWCA
7 constituent member staff met with Raftelis to review the scope of work and provide
8 documentation and information necessary for preparation of the Raftelis Report.

9 9. At its March 14, 2019 meeting, the AVSWCA Board of Commissioners reviewed
10 and considered a draft of the Raftelis Report, and determined that the draft should be presented to
11 the governing bodies of each of the AVSWCA constituent members for review and approval. A
12 true and correct copy of the agenda and minutes for the March 14, 2019 AVSWCA Board of
13 Commissioners meeting is attached hereto as Exhibit 7.

14 10. The governing bodies of each of the AVSWCA constituent members reviewed and
15 approved the draft Raftelis Report, which was finalized effective March 6, 2019. A true and
16 correct copy of the Raftelis Report is attached hereto as Exhibit 8.

17 11. At its April 24, 2019 meeting, the Watermaster Board considered and adopted
18 Resolutions Nos. R-19-10 and R-19-11, setting the 2018 RWA rate for Producers within the PWD
19 and LCID service areas, and the 2019 RWA rate for Producers within and outside the AVSWCA
20 boundaries. A copy of the Raftelis Report was attached to the Watermaster staff report for
21 Resolutions Nos. R-19-10 and R-19-11. True and correct copies of the Board-approved minutes
22 from the April 24, 2019 Watermaster Board meeting, and excerpts from the relevant sections of
23 the agenda and Board packet, are attached hereto as Exhibits 9 and 10, respectively.

24 12. At its August 28, 2019 meeting, the Watermaster Board considered and adopted
25 Resolution No. R-19-27, setting the 2016 and 2017 RWA rate for Producers within and outside
26 the AVSWCA boundaries, and the 2018 RWA rate for Producers outside the AVSWCA
27 boundaries. The Watermaster staff report for Resolution No. R-19-27 referred to the Raftelis
28

1 Report as the basis for the RWA rate structure. True and correct copies of the Board-approved
2 minutes from the August 28, 2019 Watermaster Board meeting, and excerpts from the relevant
3 sections of the agenda and Board packet, are attached hereto as Exhibits 11 and 12, respectively.

4 I declare under penalty of perjury under the laws of the State of California that the
5 foregoing is true and correct.

6 Executed this 24th day of October, 2019, at Palmdale, California.

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9 MATTHEW KNUDSON
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EXHIBIT 1

Antelope Valley Watermaster Board
Minutes of the Regular Meeting
Wednesday, January 24, 2018 – 10:00 a.m.
Location: Antelope Valley – East Kern Water Agency
6500 West Avenue N, Palmdale, CA 93551

- 1) Meeting was called to order at 10:04 a.m.
- 2) **Roll Call**

Robert Parris, AVEK Water Agency – Chairperson
Dennis Atkinson, Landowners – Vice Chairperson
Richard Gomez, Alternate - Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers
Phyllis Stanin, Todd Groundwater – Watermaster Engineer
Craig Parton, Price Postel & Parma LLP – General Counsel
- 3) **Adoption of Agenda**

A motion was made by Director **Thibault**, seconded by Director **Atkinson** and unanimously carried to adopt the agenda.
- 4) **Public comments for non-agenda items.**

No public comment was heard from the floor.
- 5) **Consent Agenda**
 - A. Payment of the bills through January 17, 2018
 - B. Approval of the minutes of the special meeting of October 5, 2017, the regular meeting of October 25, 2017 and the special meeting of November 15, 2017.
 - C. Correspondences

A motion was made by Director **Atkinson**, seconded by Director **Thibault** and unanimously carried to approve the Consent Agenda.
- 6) **Advisory Committee Report**
- 7) **Action Items**
 - A. Public Hearing to consider the proposed process and procedures for levying Administrative Assessments.

Chairperson **Parris** opened the public hearing at 10:05 a.m.
Phyllis Stanin reviewed the proposed process and procedures; Administrative Assessments are charged by the Watermaster to cover costs to be incurred by the Watermaster in administering the Judgment. Administrative Assessments are levied on an annual basis against each acre-foot of (1) party's Production Right, (2) party's right to produce Imported Water Return Flows, (3) party's production subject to Replacement Water Assessment and (4) party's production in excess of the sum of amounts in (1) through (3) above during the Rampdown period. Assessments on Small Pumper Class Members has not been finalized.
Chairperson **Parris** open the floor for comments from the public and there were no comments.
Chairperson **Parris** closed the hearing at 10:08 a.m.
 - B. Consideration and possible action approving Resolution No. R-18-01 being a Resolution approving the process and procedures for levying Administrative Assessments.

A motion was made by Director **Calandri**, seconded by Director **Thibault** and unanimously carried to adopt Resolution No. R-18-01 being a Resolution approving the process and

procedures for levying Administrative Assessments and directed Mr. Parton to file the resolution with the court.

C. Public Hearing to consider proposed CY 2018 Administrative Budget and Administrative Assessments.

Chairperson **Parris** opened the public hearing at 10:09 a.m.

Matthew Knudson reviewed the proposed 2018 budget. The 2018 budget is based on the Administrative Assessment of \$5/ac. ft. on the Production Right and \$5/ac. ft. on the actual production above the Production Right reported for 2017. Expenses included; engineering, legal, USGS, administrative support and administrative stabilization fund.

Projected Revenues \$688,774

Projected Expenses \$682,708

Chairperson **Parris** opened the floor for comments from the public.

Dennis LaMoreaux stated that the Advisory Committee memo to Mr. Knudson states that the Advisory Committee agrees with the assessment amounts and they recommend that the chain of command between the engineer, attorney and public be tightened up.

Derek Yurosek – commented on the cost being occurred by the attorney and that we need to be fiscally responsible.

Chairperson **Parris** closed the hearing at 10:53 a.m.

D. Consideration and possible action on Resolution No. R-18-02 being a Resolution of the Watermaster approving the CY 2018 Administrative Budget and Assessments.

A motion was by Director **Atkinson**, seconded by Director **Calandri** and unanimously carried to adopt Resolution No. R-18-02 being a Resolution of the Watermaster approving the CY 2018 Administrative Budget and Assessments as presented.

E. Discussion relating to approving at special meeting on December 6, 2017, of the filing by the Watermaster of a motion with the Superior Court of Los Angeles seeking interpretive guidance as to Pre-Rampdown Production Rights under the Judgment and Physical Solution.

F. Discussion relating to approving at special meeting on December 6, 2017, of the filing by the Watermaster of a motion with the Superior Court of Los Angeles seeking interpretive guidance as to Carry Over Water Rights under the Judgment and Physical Solution.

Items E & F

Craig Parton reported that on January 2, 2018, he filed a motion with the court seeking interpretive guidance on Pre-Rampdown Production Rights and Carry Over Water Rights and directed by the Board at the December 6, 2017, meeting. The hearing date has been set for January 31, 2018.

G. Discussion and possible action to approve Resolution No. R-18-03 the January 17, 2018, memorandum of Watermaster General Counsel relating to well approval applications for replacement wells or new production wells.

Craig Parton reviewed the memorandum and the three categories being addressed by the well approval application; unknown small pumpers, applicants not identified in the judgment drilling wells for new production on parcels with no production history and shared wells.

Phyllis Stanin reviewed the well approval applications, context from the judgment and criteria for material injury. The Board agreed that the wording in the resolution should reflect that shared well parties will both have small pumper class rights when one party splits off an existing well.

A motion was made by Director **Thibault**, seconded by Director **Gomez** and unanimously carried to adopt Resolution R-18-03 the January 17, 2018, memorandum of Watermaster General Counsel relating to well approval applications for replacement wells or new production wells as read with the changes made to reflect the shared well parties will both have small pumper class rights when one party splits off the existing well.

- H. Discussion and possible action on Resolution No. R-18-04 approving January 5, 2018 Memorandum of Watermaster General Counsel relating to legal issue raised by Phelan Pinon Hills Community Services District (“PPHCSD”) and finding the PPHCSD is obligated to pay a Replacement Water Assessment for its production in 2016 and 2017.

A motion was made by Director **Atkinson**, seconded by Director **Calandri** and unanimously carried to adopt R-18-04 approving January 5, 2018 Memorandum of Watermaster General Counsel relating to legal issue raised by Phelan Pinon Hills Community Services District (“PPHCSD”) and finding the PPHCSD is obligated to pay a Replacement Water Assessment for its production in 2016 and 2017.

- I. Presentation and discussion on Replacement Water Assessment.

Dwayne Chisam, as General Manager of AVEK, gave a presentation on AVEK’s New Conceptual Water Supply Program.

8) Engineer’s Report

Items for the next agenda

- Moving the due date of the Annual Report to July 1st
- Hierarch of groundwater use under the judgment

9) Attorney’s Report

10) Staff Report’s

- a. Update on insurance from ACWA/JPIA – Application will be on their March agenda.
- b. APN List for Small Pumper Class - Noted


11) Board Members Request for Future Agenda Items

- Well application hearing
- Transfer’s
- Storage agreements

12) Adjournment

Meeting was adjourned at 1:28 p.m.

APPROVED BY THE BOARD OF DIRECTORS:


Robert Parris – Chairman Date


Patricia Rose – Interim Secretary

EXHIBIT 2

**Antelope Valley Watermaster Board
Regular Meeting Agenda
Wednesday, January 24, 2018 – 10:00 a.m.**

**Location: Antelope Valley – East Kern Water Agency
6500 West Avenue N, Palmdale, CA 93551**

Teleconference: 1 (646) 749-3122 Access Code: 650-101-845

BOARD OF DIRECTORS

Robert Parris, AVEK Water Agency – Chairperson
Dennis Atkinson, Landowners – Vice Chairperson
Adam Ariki, Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers

Posted: 1/18/18 @ 10:15 am.
By: <u>Patricia Rose</u> Patricia Rose Interim Secretary

Phyllis Stanin, Todd Groundwater – Watermaster Engineer
Craig Parton, Price Postel & Parma LLP - Attorney

Note: To comply with the Americans with disabilities Act, to participate in any Watermaster meeting please contact Patti Rose at 661-943-3201 at least 48 hours prior to a Watermaster meeting to inform us of your needs and to determine if accommodation is feasible.

- 1) **Call to Order**
- 2) **Roll Call**
- 3) **Adoption of Agenda**
- 4) **Public comments for non-agenda items.** (This portion of the agenda allows an individual the opportunity to address the Board on any item regarding Watermaster business that is NOT ON THE AGENDA. Without acting or entering a dialogue with the public, Board members may ask clarifying questions about topics posed by the public. Your matter may be referred to the administrator and/or advisory committee.)
- 5) **Consent Agenda**
 - A. Payment of the bills through January 17, 2018
 - B. Approval of the minutes of the special meeting of October 5, 2017, the regular meeting of October 25, 2017 and the special meeting of November 15, 2017.
 - C. Correspondences
- 6) **Advisory Committee Report**
- 7) **Action Items**
 - A. Public Hearing to consider the proposed process and procedures for levying Administrative Assessments.
 - B. Consideration and possible action approving Resolution No. R-18-01 being a Resolution approving the process and procedures for levying Administrative Assessments.
 - C. Public Hearing to consider proposed CY 2018 Administrative Budget and Administrative Assessments.

- D. Consideration and possible action on Resolution No. R-18-02 being a Resolution of the Watermaster approving the CY 2018 Administrative Budget and Assessments.
- E. Discussion relating to approving at special meeting on December 6, 2017, of the filing by the Watermaster of a motion with the Superior Court of Los Angeles seeking interpretive guidance as to Pre-Rampdown Production Rights under the Judgment and Physical Solution.
- F. Discussion relating to approving at special meeting on December 6, 2017, of the filing by the Watermaster of a motion with the Superior Court of Los Angeles seeking interpretive guidance as to Carry Over Water Rights under the Judgment and Physical Solution.
- G. Discussion and possible action to approve Resolution No. R-18-03 the January 17, 2018, memorandum of Watermaster General Counsel relating to well approval applications for replacement wells or new production wells
- H. Discussion and possible action on Resolution No. R-18-04 approving January 5, 2018 Memorandum of Watermaster General Counsel relating to legal issue raised by Phelan Pinon Hills Community Services District (“PPHCSD”) and finding the PPHCSD is obligated to pay a Replacement Water Assessment for its production in 2016 and 2017.
- I. Presentation and discussion on Replacement Water Assessment.

8) Engineer’s Report – Phyllis Stanin

9) Attorney’s Report – Craig Parton

10) Staff Report’s

- a. Update on insurance from ACWA/JPIA
- b. APN List for Small Pumper Class

11) Board Members Request for Future Agenda Items

12) Adjournment

Special Meeting
January 24, 2018

7) Action Item

- H) Discussion and possible action to approve Resolution No. R-18-04 the January 05, 2018, memorandum of Watermaster General Counsel relating to legal issue raised by Phelan Pinon Hills community Services District (“PPHCSD”) and finding the PPHCSD is obligated to pay a Replacement Water Assessment for its production in 2016 and 2017.

Resolution R-18-04

RESOLUTION NO. R-18-04

**APPROVING JANUARY 5, 2018 MEMORANDUM OF WATERMASTER
GENERAL COUNSEL RELATING TO LEGAL ISSUE RAISED BY PHELAN
PINON HILLS COMMUNITY SERVICES DISTRICT (“PPHCSD”) AND
FINDING THAT PPHCSD IS OBLIGATED TO PAY A REPLACEMENT
WATER ASSESSMENT FOR ITS PRODUCTION IN 2016 AND 2017**

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”) Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, requested at its Special Board meeting on December 6, 2017 that its General Counsel provide a legal opinion as whether Phelan Pinon Hills Community Services District (“PPHCSD”) is obligated to pay a Replacement Water Assessment for its Production in 2016 and 2017 within the Adjudication Area of the Antelope Valley (all of which said Production is exported from the Adjudication Area);

WHEREAS, General Counsel has provided the opinion requested in a memorandum dated January 5, 2018 and has concluded that PPHCSD is obligated to pay a Replacement Water Assessment for its Production in 2016 and 2017; and

WHEREAS, the Watermaster agrees with the legal opinion expressed in the January 5, 2018 memorandum from its General Counsel and wishes to direct Watermaster staff to impose those assessments pursuant to Section 9.2 of the Judgment.

NOW THEREFORE BE IT RESOLVED, the Watermaster Board unanimously approves the imposition of a Replacement Water Assessment for Production by PPHCSD in 2016 and 2017 pursuant to Section 9.2 of the Judgment and directs Watermaster staff to impose those assessments according to the terms of the Judgment.

I certify that this is a true copy of Resolution No. R-18-04 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held January 24, 2018, in Palmdale, California.

Date: _____

Robert Parris, Chairman

ATTEST: _____
Patricia Rose – Interim Secretary



PRICE, POSTEL & PARMA LLP

MEMORANDUM

TO: Antelope Valley Watermaster Board DATE: January 5, 2018
FROM: Craig A. Parton FILE NO.: 23641-1
 General Counsel
SUBJECT: Phelan Piñon Hills Community Services District

A question has arisen with respect to the interpretation of the Judgment and Physical Solution dated December 23, 2015 (“Judgment”) as to the Phelan Piñon Hills Community Services District (“District” or “Phelan”).

The District’s position, as memorialized in a letter from its counsel, June S. Ailin of Aleshire & Wynder LLP dated July 19, 2017 and transmitted to the Watermaster Engineer, contends that the District’s Production of Groundwater in 2016 and 2017 is not subject to a Replacement Water Assessment.

General Counsel has been asked to provide an opinion as to the legal merits¹ of the District’s position on this subject.

ISSUE PRESENTED: Does the Judgment provide that the District is not subject to a Replacement Water Assessment for its Production within the Adjudication Area of the Antelope Valley (all of which is exported from the Adjudication Area) in 2016 and 2017?

ANSWER: No. The District’s obligation to pay a Replacement Water Assessment for its Production in 2016 and 2017 is clearly set forth in both the Statement of Decision and in the Judgment.

I. FACTUAL BACKGROUND

The Court, in its Statement of Decision dated December 23, 2015, found the following as to the District:

- That the District’s “service area falls entirely within San Bernardino County and outside the Adjudication Area.” (9:9-10.)

¹ Because this memorandum focuses on the District’s *legal* position, it does not address the District’s equitable or *fairness* arguments—namely, that it has acted in reliance on its belief that it would not be obligated to pay Replacement Water Assessments related to its Production in 2016 and 2017 and pumped Well 14 accordingly over those two years, that it has actually decreased Production from Well 14 over the past two years, and that the District anticipates using Well 14 in the future solely for fire protection purposes.

Memo to: Antelope Valley Watermaster Board
Re: Phelan Piñon Hills Community Services District
January 5, 2018
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- That the District “has one well (Well 14) within the Adjudication Area and several wells outside the Adjudication Area.” (9:10-11.)
- That the District “uses that well water to provide public water supply to Phelan customers outside the Adjudication Area and within the adjacent Mojave Adjudication Area.” (9:11-12.)
- That the Court found in a previous Partial Statement of Decision for Trial Related to the District that the District “does not have water rights to pump groundwater and export it from the Adjudication Area or to an area for use other than on its property where Well 14 is located within the adjudication area (sic).” (9:12-16.)
- That the District “owns land in the Adjudication Area but the water pumped from the well is provided to customers outside of the Adjudication Area.” (9:17-18.)
- That the Basin “has been in a state of overdraft with no surplus water available for pumping for the entire duration of Phelan’s pumping (i.e., since at least 2005).” (9:18-20.)
- That “the entire Basin, including the Butte sub-basin where Phelan pumps, is hydrologically connected as a single aquifer.” (9:20-21.)
- That the District’s “pumping of groundwater from the Basin negatively impacts the Butte sub-basin” and “deprives the Basin of natural recharge that would otherwise flow into the Basin by taking water from the Adjudication Area for use within the Mojave Adjudication Area.” (9:22-25.); and
- That the District has no appropriative or prescriptive rights “or any other right to Basin groundwater,” that the District “does not have return flow rights to groundwater in the Basin because any right to return flow is limited to return flows from imported water and Phelan has never imported water to the Basin.” (9:7-8, 26-28.)

The Court concluded that the District has “no right to pump groundwater from the Basin except under the terms of the Court-approved Physical Solution herein” (10:9-10) but that the Physical Solution permits the District to “pump up to 1,200 AFY from the Basin and deliver the pumped water outside of the Basin for use in the Phelan service area if that amount of water is available without causing material injury **and provided that Phelan pays a replacement water assessment**” (24:14-17—*emphasis added*)(citing to Section 6.4.1.2 of the Judgment).

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II. LEGAL ANALYSIS

As noted, the District Produces Groundwater from within the Basin and exports all of it for use within its service area outside the Basin. The Judgment otherwise prohibits exportation or transportation of Groundwater out of the Basin (Section 6.4).² The Court found that the District had no prescriptive, appropriative or any other Groundwater rights in the Basin.

Counsel for the District contends that the Rampdown provisions in Section 8 of the Judgment are clear that the District is not subject to a Replacement Water Assessment for its Production in 2016 and 2017. In particular, the District refers to Section 8.3 of the Judgment that reads as follows: “During the first two Years of the Rampdown Period no Producer will be subject to a Replacement Water Assessment.” District counsel goes on to argue that the District is encompassed by the use of the term “Producer” (Section 3.5.30) and is therefore not subject to a Replacement Water Assessment pursuant to Section 8.3 of the Judgment for its Production in 2016 and 2017.

First, we note that the District’s right to pump Groundwater under the Physical Solution is defined and expressly limited to the Production identified in Section 6.4.1.2. In short, the District has no additional rights (including any Rampdown rights described under Section 8 of the Judgment). Section 8.3 of the Judgment simply does not apply to the District as it has no Pre-Rampdown Production right or Production Right identified anywhere in the Judgment.³ All the Statement of Decision and the Judgment recognize is that the District may Produce a certain amount of Groundwater from the Basin if certain conditions are met.

Second, the Judgment specifically refers to the District and to its right to Produce Groundwater in particular as follows: “Phelan Piñon Hills Community Services District (‘Phelan’) **has no right to pump groundwater from the Antelope Valley Adjudication Area except under the terms of the Physical Solution**” (see Judgment, para. 3(f)—*emphasis added*). The District has not identified any specific provision in the Judgment that explicitly grants it the right to Produce Groundwater that it exports or transports out of the Basin and which is not subject to a Replacement Water Assessment for Production in 2016 and 2017.

The District is actually only mentioned one other time in the Judgment. Section 6.4.1.2 of the Judgment reads as follows: “The injunction does not apply to any Groundwater Produced within the Basin by Phelan Piñon Hills Community Services District and delivered to its service areas, so long as the total Production does not exceed 1,200 acre-feet per Year, such water is

² The term “Basin” as used in the Judgment refers to the Adjudication Area. For consistency, this memorandum will also use the term “Basin” to mean the “Adjudicated Area” though the terms are slightly different in some areas.

³ The District is not identified on either Exhibit 3 or 4 of the Judgment and has never argued that it has a “Pre-Rampdown Production right.” For an in-depth discussion of Pre-Rampdown Production rights and Section 8.3, see Watermaster Counsel’s December 4, 2017 memorandum entitled “Pre-Rampdown Production Rights Under the Judgment and Physical Solution.”

Memo to: Antelope Valley Watermaster Board
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January 5, 2018
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available for Production without causing Material Injury, **and the District pays a Replacement Water Assessment** pursuant to Paragraph 9.2,⁴ together with any other costs deemed necessary to protect Production Rights decreed herein, **on all water Produced and exported in this manner.**” (See Judgment, Section 6.4.1.2—*emphasis added*.)

The District in essence is arguing that its “right to Produce” is the same as a “Production Right” (Section 3.5.32) under the Judgment and allows them to Produce up to 1,200 acre feet a Year without paying for any Replacement Water in 2016 or 2017 (Section 3.5.40). This is incorrect for the following reasons:

First, a “Production Right” is “the amount of Native Safe Yield that may be Produced each Year free of any Replacement Water Assessment and Replacement Obligation.” (Section 3.5.32.) The District’s exportation and transportation of Groundwater *from* the Basin to service areas *outside* the Basin, however, is **not** Production within the Native Safe Yield and is explicitly made subject to payment of a Replacement Water Assessment.

Second, the District’s right to Produce Groundwater is specifically delineated in the Judgment where a limited right to export or transport water to its service area outside the Basin is granted and the District is explicitly found to have no other Groundwater rights under the Judgment (thus no need in the Judgment to give consideration to any water right “priority” the District might have and which the Court would have to consider under Section 3.4 of the Judgment when fashioning the Physical Solution). With that sole conditional right comes a corresponding duty to pay a Replacement Water Assessment for that exportation that otherwise clearly depletes the Native Safe Yield of the Basin without a corresponding obligation to pay for imported water on an “acre foot out/acre foot in” basis.

Third, it is clear that the District’s right to Produce Groundwater from the Basin is specifically conditioned on the payment of a Replacement Water Assessment on its Production. Failure to pay those assessments results in the District having no rights to Produce Groundwater under the Judgment. Put another way, to find that the District has no duty to pay Replacement Water Assessments for its Production in 2016 and 2017 is to allow Production that unquestionably results in “Material Injury” (Section 3.5.18-3.5.18.1) to the Native Safe Yield by permitting all of the District’s Production to be exported outside the Basin while simultaneously allowing it to avoid any duty to pay for imported supplies or Replacement Water to offset that harm to the Native Safe Yield. Such a result is inconsistent with the explicit purposes of the Physical Solution to bring the Basin into balance by requiring Production to be within the Native Safe Yield (Sections 3.4 and 7.4).

⁴ Section 9.2 notes that Replacement Water Assessments are used to ensure that each Party may fully exercise its Production Right (to the extent a Party has such a right, which the District does not for reasons explained in this memorandum). That Section then mentions various inapplicable exemptions from such an assessment, including for Stored Water, In Lieu Production, Imported Water Return Flows, and for those participating in the Drought Program (the District’s Production does not benefit from any of these exemptions).

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Re: Phelan Piñon Hills Community Services District
January 5, 2018
Page 5

Finally, the law requires that when a provision of the Judgment (e.g., Section 6.4.1.2) specifically identifies the District may *at least in theory*⁵ be inconsistent with a general provision (e.g., Section 8.3) that makes no mention of the District, the specific provision controls. This is consistent with the contractual principles of interpretation found in the Code of Civil Procedure and in the common law. (See *Prouty v. Gores Technology Group* (2004) 121 Cal.App.4th 1225, 1235; see also Code of Civil Procedure section 1859 – the particular intent will control over a general content that is inconsistent with it, and specific provisions are paramount over general provisions when the two are arguably inconsistent; Civil Code 3534—“Particular expressions qualify those which are general.”).

III. CONCLUSION

Though finding that the District had no overlying, appropriate, prescriptive or other Groundwater rights,⁶ the Judgment and Physical Solution fashioned a unique benefit for the District to export up to 1,200 AFY of Groundwater from the Basin for delivery to its service area outside of the Basin. This right, however, was specifically and carefully conditioned on this exported Groundwater causing no Material Injury and the District paying a Replacement Water Assessment pursuant to Paragraph 9.2

The result required by the Judgment is clear: The District must pay a Replacement Water Assessment on its Production in 2016 and 2017 and the Watermaster should impose those assessments pursuant to Section 9.2 of the Judgment.

⁵ As noted previously, we do not believe Section 8.3 is even applicable to the District’s conditional right as specified in the Judgment and in the Statement of Decision.

⁶ As the Court notes, the District is not even an overlying right holder because the Groundwater pumped from Well 14 and from land the District owns in the Basin is not put to reasonable and beneficial use on that land. (See Statement of Decision at 9:16-18.)

EXHIBIT 3

Antelope Valley Watermaster Board
Minutes of the Regular Meeting
Wednesday, February 28, 2018 – 10:00 a.m.
Location: Antelope Valley – East Kern Water Agency
6500 West Avenue N, Palmdale, CA 93551

- 1) Meeting was called to order at 10:00 a.m.
- 2) **Roll Call**

Robert Parris, AVEK Water Agency -- Chairperson
Dennis Atkinson, Landowners – Vice Chairperson
Richard Gomez, Alternate - Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers
Alternates Present: Adrienne Recca and Derk Yurosek
Phyllis Stanin, Todd Groundwater – Watermaster Engineer
Craig Parton, Price Postel & Parma LLP – General Counsel
- 3) **Director Thibault** lead the Pledge of Allegiance
- 4) **Adoption of Agenda**

A motion was made by Director **Calandri**, seconded by Director **Thibault** and unanimously carried to adopt the agenda.
- 5) **Public comments for non-agenda items.**

No public comment was heard from the floor.
- 6) **Consent Agenda**
 - A. Payment of the bills through February 22, 2018
 - B. Treasurer’s Report month ending January 31, 2018
 - C. Approval of the minutes of the December 6, 2017 and January 24, 2018
 - D. Correspondences

A motion was made by Director **Atkinson**, seconded by Director **Ariki** and unanimously carried to approve the consent agenda.
- 7) **Advisory Committee Report**
- 8) **Action Items**
 - A. Public Hearing to consider the proposed well approval applications for replacement wells or new production wells.

Chairperson **Parris** opened the public hearing at 10:05 a.m.
Phyllis Stanin reviewed the proposed well approval applications for replacement wells or new production wells; she presented a flow chart explaining the process and reviewed the forms used to evaluate the proposed usage.
Chairperson **Parris** opened the floor for comments from the public
Dwayne Chisam – AVEK General Manager, reported that AVEK approves of the well process and would be agreeable to approving today as long as there was an opportunity to review the process once the final revisions were made before going to the court for approval.
Craig Parton – We can file this with the court now or wait 2 weeks giving AVEK time to review.
Dwayne Chisam – Before the final rules and regulations is fine.
Larry Rottman – Questioned the CEQA requirement.

Phyllis Stanin – That requirement is in the Judgment, help will be provided to the property owner's to write a statement to cover that requirement.

Aaron DeFranco – Impression that not all wells need to be metered?

Phyllis Stanin – All new wells will be required to install meters.

Chairperson **Parris** closed the hearing at 10:29 a.m.

- a. Motion to approve Resolution No. R-18-05 being a Resolution approving the process and procedures for replacement wells or new production wells.
 - b. A motion was made by Director **Atkinson**, seconded by Director **Ariki** and unanimously carried to approve Resolution No. R-18-05 being a Resolution approving the process and procedures for replacement wells or new production wells.
- B. Adoption of Resolution Regarding Filing of Annual Report.
- a. Motion to approve Resolution No. R-18-06 making August 1 of each year the date for filing the Annual Report with the Court in order to administer and carry out the terms of the Judgment.
 - b. A motion was made by Director **Thibault**, seconded by Director **Calandri** and unanimously carried to approve Resolution No. R-18-06 making August 1 of each year the date for filing the Annual Report with the Court in order to administer and carry out the terms of the Judgment.
- C. Adoption of Resolution Consenting to enter the Joint Protection Program of the Association of California Water Agencies/Joint Powers Insurance Authority.
- a. Motion to approve the Antelope Valley Watermater ACWA Membership.
A motion was made by Director **Atkinson**, seconded by Director **Thibault** and unanimously carried to approve the ACWA Membership.
 - b. Motion to approve Resolution No. R-18-07 being a Resolution Consenting to enter the Joint Protection Program of the Association of California Water Agencies/Joint Powers Insurance Authority.
A motion was made by Director **Atkinson**, seconded by Director **Thibault** and unanimously carried to approve Resolution No. R-18-07 being a Resolution Consenting to enter the Joint Protection Program of the Association of California Water Agencies/Joint Powers Insurance Authority.
- D. Adoption of a Resolution to establish the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.
- a. Motion to approve Resolution No. R-18-08 being a Resolution setting the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.

Dwayne Chisam – Point out that this is for the properties in the AVEK service area only, Palmdale Water District and Little Rock Irrigation District proposing their cost in the future.

A motion was made by Director **Calandri**, seconded by Director **Ariki** to approve Resolution No. R-18-08 being a Resolution setting the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.

- E. Consideration of request of New Goldensands Investment LLC for Stipulation from Watermaster to Intervene in Judgment.
- a. Motion to approve Resolution No. R-18-09 to enter into stipulation to allow New Goldensands Investment LLC to intervene in the Judgment.
This item was tabled.
- F. Public Water Suppliers Pre-Rampdown Production.
- At 11:35 a.m. **Director Atkinson** excused himself and Alternate Director **Adrienne Reca** replaced him.
- a. Update of January 31, 2018 Hearing
Craig Parton updated the Board on the courts decision regarding the Pre-Rampdown Production.
 - b. Calculation of Pre-Rampdown Production for Public Water Suppliers
Phyllis Stanin reviewed the methodology using the 2011/2012 average production less average 2011/2012 imported water return flows. Discussion centered on the negative impact that this methodology has on Quartz Hill Water District since they used imported water.
 - c. Discussion and possible direction to staff.
Staff was directed to review the methodology to bring this item back at the next meeting.
- At 12:27 p.m. Director **Calandri** excused himself and Alternate Director **Derek Yurosek** replaced him.
- G. Administrative Staff Update.
- a. Presentation on Administrative Staff Roles and Responsibilities.
 - b. Discussion and direction to Advisory Committee.
Board requested that the Advisory Committee review and bring back next regular meeting.
- H. Draft Rules and Regulations Section, Order of Water Use under the Judgment.
- a. Discussion and refer to the Advisory Committee for further review and recommendation to the Board.
Board requested that the Advisory Committee review, it will be on the agenda for the next regular meeting.
- I. Draft Rules and Regulations Section, Transfers.
- a. Discussion and possible direction to staff.

A motion was made by Director **Thibault**, seconded by Director **Yurosek** and unanimously carried for staff to post a notice of public hearing for Transfers and Order of Water Use under the Judgment.
- J. Draft Rules and Regulations Section, Water Storage Agreements.
- a. Discussion and possible direction to staff.
Board requested that the Advisory Committee review, it will be on the agenda for the next regular meeting.
- K. 2017 Production Report Forms and Quarterly Meter Reading Forms.
- a. Information only.
Noted

L. Meter Installation Update.

- a. Information only.
Noted

M. Southern California Water Bank Authority (Willow Springs Water Bank)

- a. Presentation by Mr. Mark Bueller – Information only.

9) Attorney's Report

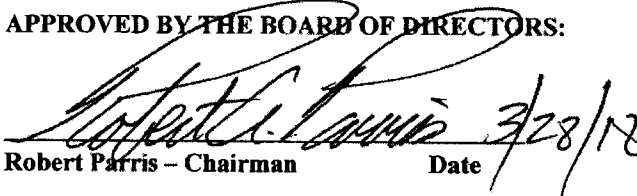
10) Staff Report's

11) Board Members Request for Future Agenda Items

12) Adjournment

Meeting was adjourned at 1:40 p.m.

APPROVED BY THE BOARD OF DIRECTORS:


Robert Parris – Chairman Date 3/28/18


Patricia Rose – Interim Secretary

EXHIBIT 4

Antelope Valley Watermaster Board
Regular Meeting Agenda
Wednesday, February 28, 2018 – 10:00 a.m.
Location: Antelope Valley – East Kern Water Agency
6500 West Avenue N, Palmdale, CA 93551
Teleconference: 1 (669) 224-3412 Access Code: 955-865-293

BOARD OF DIRECTORS

Robert Parris, AVEK Water Agency – Chairperson
Dennis Atkinson, Landowners – Vice Chairperson
Adam Arika, Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers

Posted: 2/20/18 @ 11:30 AM
By: Patricia Rose Patricia Rose Interim Secretary

Phyllis Stanin, Todd Groundwater – Watermaster Engineer
Craig Parton, Price Postel & Parma LLP – General Counsel

Note: To comply with the Americans with disabilities Act, to participate in any Watermaster meeting please contact Patti Rose at 661-943-3201 at least 48 hours prior to a Watermaster meeting to inform us of your needs and to determine if accommodation is feasible.

- 1) **Call to Order**
- 2) **Pledge of Allegiance**
- 3) **Roll Call**
- 4) **Adoption of Agenda**
- 5) **Public comments for non-agenda items.** (This portion of the agenda allows an individual the opportunity to address the Board on any item regarding Watermaster business that is NOT ON THE AGENDA. Without acting or entering a dialogue with the public, Board members may ask clarifying questions about topics posed by the public. Your matter may be referred to the administrator and/or advisory committee.)
- 6) **Consent Agenda**
 - A. Payment of the bills through February 22, 2018
 - B. Treasurer’s Report month ending January 31, 2018
 - C. Approval of the minutes of the December 6, 2017 and January 24, 2018
 - D. Correspondences
- 7) **Advisory Committee Report**
- 8) **Action Items**
 - A. Public Hearing to consider the proposed well approval applications for replacement wells or new production wells.
 - a. Motion to approve Resolution No. R-18-05 being a Resolution approving the process and procedures for replacement wells or new production wells.

- B. Adoption of Resolution Regarding Filing of Annual Report.
 - a. Motion to approve Resolution No. R-18-06 making August 1 of each year the date for filing the Annual Report with the Court in order to administer and carry out the terms of the Judgment.

- C. Adoption of Resolution Consenting to enter the Joint Protection Program of the Association of California Water Agencies/Joint Powers Insurance Authority.
 - a. Motion to approve the Antelope Valley Watermaster ACWA Membership.
 - b. Motion to approve Resolution No. R-18-07 being a Resolution Consenting to enter the Joint Protection Program of the Association of California Water Agencies/Joint Powers Insurance Authority.

- D. Adoption of a Resolution to establish the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.
 - a. Motion to approve Resolution No. R-18-08 being a Resolution setting the the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.

- E. Consideration of request of New Goldensands Investment LLC for Stipulation from Watermaster to Intervene in Judgment.
 - a. Motion to approve Resolution No. R-18-09 to enter into stipulation to allow New Goldensands Investment LLC to intervene in the Judgment.

- F. Public Water Suppliers Pre-Rampdown Production.
 - a. Update of January 31, 2018 Hearing.
 - b. Calculation of Pre-Rampdown Production for Public Water Suppliers (considering imported water return flows).
 - c. Discussion and possible direction to staff.

- G. Administrative Staff Update.
 - a. Presentation on Administrative Staff Roles and Responsibilities.
 - b. Discussion and direction to Advisory Committee.

- H. Draft Rules and Regulations Section, Order of Water Use under the Judgment.
 - a. Discussion and refer to the Advisory Committee for further review and recommendation to the Board.

- I. Draft Rules and Regulations Section, Transfers.
 - a. Discussion and possible direction to staff.

- J. Draft Rules and Regulations Section, Water Storage Agreements.
 - a. Discussion and possible direction to staff.

- K. 2017 Production Report Forms and Quarterly Meter Reading Forms.
 - a. Information only.

- L. Meter Installation Update.
 - a. Information only.

- M. Southern California Water Bank Authority (Willow Springs Water Bank)

Regular Meeting
February 28, 2018

D. Adoption of a Resolution to establish the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.

a. Adoption of Resolution No. R-18-08 being a Resolution setting the 2018 Replacement Water Assessment for the Antelope Valley – East Kern Water Agency service area.

Resolution No. R-18-08

RESOLUTION NO. R-18-08

ADOPTING A REPLACEMENT WATER ASSESSMENT FOR YEAR 2018

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”), Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, is to administer the Judgment; and

WHEREAS, the Judgment provides that the Watermaster shall calculate, assess and collect a Replacement Water Assessment pursuant to Section 9.2 of the Judgment; and

WHEREAS, the Watermaster has taken and considered public comment on the issue and has calculated that a Replacement Water Assessment of \$415.00 an acre foot is consistent with the terms of the Judgment and is based on the actual cost of Replacement Water, including Watermaster spreading costs; and

WHEREAS, the Replacement Water Assessment of \$415.00 an acre foot applies only to Producers within the Antelope Valley – East Kern Water Agency (AVEK) service area and that these Producers will be responsible for applicable Administrative Assessments in addition to a Replacement Water Assessment. The Replacement Water Assessment for Producers outside of the AVEK service area will be determined at a later date.

NOW, THEREFORE, BE IT RESOLVED, that the Watermaster Board unanimously adopts a Replacement Water Assessment for Year 2018 in the amount of \$415.00 an acre foot for those Producers within the AVEK service area.

I certify that this is a true copy of Resolution No. R-8-08 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held February 28, 2018, in Palmdale, California.

Date: _____

Robert Parris, Chairman

ATTEST: _____
Patricia Rose – Interim Secretary

EXHIBIT 5



AVSWCA

Antelope Valley State Water Contractors Association

www.avswca.org

COMMISSIONERS

ROBERT PARRIS, *Chair*
BARBARA HOGAN, *Vice Chair*
LEO THIBAUT, *Treasurer-Auditor*
KATHY MAC LAREN, *Secretary*
KEITH DYAS, *Commissioner*
MARCO HENRIQUEZ, *Commissioner*

OFFICERS

MATTHEW R. KNUDSON, *General Manager*
PETER THOMPSON II, *Asst. General Manager*
TOM BARNES, *Resources Manager*
DENNIS HOFFMEYER, *Controller*
DANIELLE HENRY, *Administrative Assistant*

July 16, 2018

***Agenda for the Regular Meeting of the
Commissioners of the Antelope Valley State Water Contractors
Association to be held at the Palmdale Water District office
at 2029 East Avenue Q, Palmdale***

Thursday, July 19, 2018

6:00 p.m.

NOTE: To comply with the Americans with Disabilities Act, to participate in any Association meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to an Association meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the Palmdale Water District's office located at 2029 E. Ave. Q, Palmdale. Please call Danielle Henry at 661-947-4111 x1059 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the Association to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance.
- 2) Roll call.
- 3) Adoption of agenda.
- 4) Public comments for items not on the agenda.
- 5) Consideration and possible action on minutes of regular meeting held April 12, 2018.
- 6) Payment of bills.

c/o Palmdale Water District, 2029 East Avenue Q, Palmdale, CA 93550, 661-947-4111 x1059

- 7) Presentation on the status of the Upper Amargosa Creek Recharge Project. (Chuck Heffernan, City of Palmdale, Director of Public Works)
- 8) Consideration and possible action on acceptance and filing of audit for year ended June 30, 2017. (Controller Hoffmeyer)
- 9) Consideration and possible action on ratification of U.S.G.S. Agreement for Cooperative Water Resources Investigations for 2017/2018. (General Manager Knudson)
- 10) Consideration and possible action on approval of professional services agreement with Kennedy/Jenks Consultants for the preparation of the Feasibility Study and Environmental Documentation for the Implementation of the Big Rock Creek Groundwater Recharge Project in the not-to-exceed amount of \$236,951.00. (General Manager Knudson/Assistant General Manager Thompson II)
- 11) Consideration and possible action on approval of professional services agreement with Raftelis Financial Consultants, Inc. for the preparation of a financial analysis associated with the cost of providing replacement water to the Antelope Valley in the not-to-exceed amount of \$27,377.00. (General Manager Knudson/Assistant General Manager Thompson II)
- 12) Consideration and possible action on budget for fiscal year 2018/2019. (General Manager Knudson/Assistant General Manager Thompson II/Controller Hoffmeyer)
- 13) Discussion on concepts of maximizing the use of available recycled water in the Antelope Valley. (Chair Parris/General Manager Knudson)
- 14) Report of General Manager.
 - a) Update on Antelope Valley Watermaster meetings.
 - b) Update on Antelope Valley IRWMP Stakeholder meetings.
 - c) Update on Fremont Basin IRWMP Stakeholder meetings.
- 15) Report of Controller.
 - a) Update on Revenue, Expenses and Change in Net Position.
- 16) Reports of Commissioners.
 - a) Status update on AVSWCA Strategic Water Plan Ad Hoc Committee meetings. (Chair Parris)
- 17) Report of Attorney.
- 18) Commission members' requests for future agenda items.
- 19) Consideration and possible action on scheduling the next Association meeting August 9, 2018.
- 20) Adjournment.

MINUTES OF REGULAR MEETING OF THE COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION, JULY 19, 2018.

A regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was held Thursday, July 19, 2018, at the Palmdale Water District at 2029 East Avenue Q, Palmdale. Chair Parris called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance.

At the request of Chair Parris, Commissioner Henriquez led the pledge of allegiance.

2) Roll Call.

Attendance:

Robert Parris, Chair
Barbara Hogan, Vice Chair
Kathy Mac Laren, Secretary
Keith Dyas, Commissioner
Marco Henriquez, Commissioner
John Tenerelli, Alt. Commissioner

Others Present:

Matt Knudson, General Mngr.
Dennis Hoffmeyer, Controller
Dennis LaMoreaux, PWD General Mngr.
Vincent Dino, PWD Director
Robert Alvarado, PWD Director
Danielle Henry, Administrative Assistant
6 members of the public

EXCUSED ABSENCE—

Leo Thibault, Secretary

3) Adoption of Agenda.

It was moved by Commissioner Mac Laren, seconded by Commissioner Henriquez, and unanimously carried by all members of the Board of Commissioners present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Consideration and Possible Action on Minutes of Regular Meeting Held April 12, 2018.

It was moved by Commissioner Mac Laren, seconded by Commissioner Dyas, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve the minutes of the regular meeting held April 12, 2018, as written.

6) Payment of Bills.

General Manager Knudson reviewed the bills received for payment after which it was moved by Commissioner Henriquez, seconded by Commissioner Mac Laren, and unanimously carried by all members of the Board of Commissioners present at the meeting to pay the bills received as presented from PWD in the total amount of \$2,017.11 for staff services, from AVEK in the total amount of \$2,560.68 for staff services, from AV Web Designs in the total amount of \$599.85 for the recurring monthly AVSavesWater.com website charge for May, June and July of 2018, from Interactive Educational Services, Inc. in the amount of \$294.00 for the recurring monthly AVSWCA.org website charge for July through December, 2018, from the United States Geological Survey (U.S.G.S.) in the amount of \$31,800.00 for quarterly billing for cooperative water resources investigations per the Joint Funding Agreement between the Association and U.S.G.S. for the period of November 1, 2017 through April 30, 2018, and from Nigro & Nigro, PC in the amount of \$2,000.00 for the financial statement and audit preparation for year ended June 30, 2017.

7) Presentation on the Status of the Upper Amargosa Creek Recharge Project. (Chuck Heffernan, City of Palmdale, Public Works Director)

Mr. Chuck Heffernan, City of Palmdale Public Works Director, stated that he and Mr. Mike Shahbakhti, City of Palmdale Senior Civil Engineer, have been working on the Upper Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project since joining the City in March of 2018 after which Mr. Shahbakhti provided a detailed update on the Project including the background, the partners, the location, the construction design, the 2018 timeline, and the estimated costs and grant funding.

Chair Parris then thanked Mr. Shahbakhti for the presentation.

8) Consideration and Possible Action on Acceptance and Filing of Audit for Year Ended June 30, 2017. (Controller Hoffmeyer)

Controller Hoffmeyer provided a detailed overview of the Association's audit for year ended June 30, 2017 after which it was moved by Commissioner Mac Laren,

seconded by Commissioner Hogan, and unanimously carried by all members of the Board of Commissioners present at the meeting to accept and file the Association's audit for year ended June 30, 2017.

9) Consideration and Possible Action on Ratification of U.S.G.S Agreement for Cooperative Water Resources Investigations for 2017/2018. (General Manager Knudson)

General Manager Knudson provided a brief overview of the 2017/2018 Joint Funding Agreement with U.S.G.S. for cooperative water resources investigations and the cost sharing breakdown of 50/25/25 between the Association, the Antelope Valley Watermaster and the Integrated Regional Water Management Group previously agreed upon by the Commission after which it was moved by Commissioner Henriquez, seconded by Alternate Commissioner Tenerelli, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve ratification of the Joint Funding Agreement with U.S.G.S. for Cooperative Water Resources Investigations for 2017/2018.

10) Consideration and Possible Action on Approval of Professional Services Agreement with Kennedy/Jenks Consultants for the Preparation of the Feasibility Study and Environmental Documentation for the Implementation of the Big Rock Creek Joint Groundwater Recharge Project in the Not-To-Exceed Amount of \$236,951.00. (General Manager Knudson/Assistant General Manager Thompson II)

General Manager Knudson provided an overview of the proposals received for the Big Rock Creek Joint Groundwater Recharge Project Feasibility Study and Environmental Documentation and staff's recommendation to approve a Professional Services Agreement with Kennedy/Jenks Consultants for this work, and after a brief discussion of the Big Rock Creek Joint Groundwater Recharge Project Memorandum of Understanding and of LCID's maximum contribution to this Project of \$5,000.00, it was moved by Commissioner Henriquez, seconded by Commissioner Mac Laren, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve a Professional Services Agreement with Kennedy/Jenks Consultants for the Preparation of the Feasibility Study and Environmental Documentation for the Implementation of the Big Rock Creek Joint Groundwater Recharge Project in the not-to-exceed amount of \$236,951.00, with LCID contributing \$5,000.00 of this cost and the balance equally divided between AVEK and PWD, and the

General Manager is hereby authorized to execute said Agreement upon review and approval by legal counsel.

11) Consideration and Possible Action on Approval of Professional Services Agreement with Raftelis Financial Consultants for the Preparation of a Financial Analysis Associated with the Cost of Providing Replacement Water to the Antelope Valley in the Not-To-Exceed Amount of \$27,377.00. (General Manager Knudson/Assistant General Manager Thompson II)

General Manager Knudson provided an overview of the proposals received for the preparation of a financial analysis associated with the cost of providing replacement water to the Antelope Valley and staff's recommendation to approve of a Professional Services Agreement with Raftelis Financial Consultants for this work, and after a brief discussion of the member agency cost breakdown according to State Water Project Table A allocations, it was moved by Commissioner Mac Laren, seconded by Commissioner Dyas, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve a Professional Services Agreement with Raftelis Financial Consultants for the Preparation of a Financial Analysis Associated with the Cost of Providing Replacement Water to the Antelope Valley in the not-to-exceed amount of \$27,377.00; the General Manager is hereby authorized to execute said Agreement upon review and approval by legal counsel; and cost sharing for this work shall be in accordance with State Water Project Table A Allocations.

12) Consideration and Possible Action on Budget for Fiscal Year 2018/2019. (General Manager Knudson/Controller Hoffmeyer)

Controller Hoffmeyer provided a detailed overview of the proposed budget for fiscal year 2018/2019, including the General Program Funds and the Restricted Funds for the Antelope Valley Integrated Regional Water Management Plan (IRWMP) Program and the U.S.G.S/CASGEM Program, and after a brief discussion of adding additional budgets for the Big Rock Creek Joint Groundwater Recharge Project and the Antelope Valley Replacement Water Analysis approved this evening, of the IRWMP's approved funding and replenishment of funds to the Association, and of the Association's procedure for covering potential deficits, it was moved by Commissioner Dyas, seconded by Commissioner Henriquez, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve the budget for fiscal year 2018/2019 with the addition of the Big Rock Creek Joint Groundwater Recharge Project and the Antelope Valley Replacement Water Analysis.

13) Discussion on Concepts of Maximizing the Use of Available Recycled Water in the Antelope Valley. (Chair Parris/General Manager Knudson)

Chair Parris stated that an AVEK Ad Hoc Committee, including the Watermaster Engineer and representatives from the Sanitation District and Lahontan Region, met and discussed potential solutions for aquifer areas of depression and nitrate plumes and that it was suggested that the Association explore the possibility of bringing recycled water to agricultural land within the affected vicinities and production wells be moved to healthier basin areas.

Mr. Gailen Kyle, an agricultural famer in the Antelope Valley, stated that Valley Fever is another large concern for idle farm land and that recycled water could be a solution to keep the lands cultivated.

After discussions of the effects of the adjudication ramp down, of the importance of keeping the farming community in the Antelope Valley, of the existing recycled water line to Los Angeles County World Airports, and of the potential for grant funding through the Integrated Regional Water Management Plan update, it was moved by Commissioner Dyas, seconded by Commissioner Mac Laren, and unanimously carried by all members of the Board of Commissioners present at the meeting to direct staff to prepare a feasibility study and funding options for the construction of a recycled water line in 50th Street East for agriculture purposes as an option for maximizing the use of available recycled water in the Antelope Valley.

14) Report of General Manager.

a) Update on Antelope Valley Watermaster Meetings.

General Manager Knudson stated that the next Watermaster meeting will be held on July 25, 2018 at 10 a.m. at AVEK and that discussions will include approval and filing of the 2017 annual report.

b) Update on Antelope Valley IRWMP Stakeholder Meetings.

General Manager Knudson stated that the IRWMP Stakeholders met earlier this week and discussed the development of an MOU including a Stakeholders cost sharing of approximately \$345,000.00 of which \$45,000.00 would be allocated for the next three years of U.S.G.S. Joint Funding Agreement contributions.

c) Update on Fremont Basin IRWMP Stakeholder Meetings.

General Manager Knudson stated that the Salt & Nutrient Management Plan for the Fremont Basin IRWMP update is available for public review.

15) Report of Controller.

a) Update on Revenue, Expenses and Change in Net Position.

Controller Hoffmeyer provided a brief update of the Association's revenue, expenses, and change in net position for year ending June 30, 2018.

16) Reports of Commissioners.

a) Status Update on AVSWCA Strategic Water Plan Ad Hoc Committee Meetings.

Chair Parris stated that the Ad Hoc Committee has not recently met and then proposed to schedule the next meeting immediately following the August Watermaster meeting with discussions to include the agriculture recycled water line discussed this evening and the possibility of an east side feeder.

Chair Parris and Commissioner Mac Laren provided a brief presentation on the sponsorship opportunity of a conservation garden with the Antelope Valley Fair in lieu of funding future Smart Water Expos, and after a brief discussion of the initial sponsorship cost of \$20-25,000.00, of future maintenance costs, of the garden design, of the constant marketing it would provide, and of the quick approval needed to participate this year, it was determined that this sponsorship opportunity be presented to the member agencies respective Boards for consideration before the next regular meeting of the Association.

There were no further reports.

17) Report of Attorney.

There was no report.

18) Commission Members' Requests for Future Agenda Items.

It was determined that "Discussion on Concepts of Maximizing the Use of Available Recycled Water in the Antelope Valley" will remain on the next meeting agenda and that "Presentation on the Association's Participation in the 2018 Home Show and SMART Water Expo," "Consideration and Possible Action on the Development of a Mutual Aide Agreement," "Status Update on the Big Rock Creek Joint Groundwater Recharge Project," "Status Update on the Financial Analysis Associated with the Cost of Providing Replacement Water to the Antelope Valley," and "Status Update on the AVSavesWater.com and AVSWCA.org website merge" will be added to the next meeting agenda.

There were no further requests for future agenda items.

19) Consideration and Possible Action on Scheduling the Next Association Meeting August 9, 2018.

It was determined that the next regular meeting of the Association will be held on August 9, 2018 at 6:00 p.m. at Palmdale Water District.

20) Adjournment.

There being no further business to come before the Commissioners, the regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was adjourned at 7:24 p.m.


Secretary

EXHIBIT 6

Antelope Valley-East Kern Water Agency
6500 W. Avenue N
Palmdale, Ca 93551
Phone (661) 943-3201
Fax (661) 943-3204

RECEIVED

AUG 27 2018



Letter of Transmittal

To: Palmdale Water District
Address: 2029 East Avenue Q
City: Palmdale
State: Ca **Zip Code:** 93550
Attn: Danielle Henry

Date: August 20, 2018
Project No. AVSWCA - Replacement Water Assessment
Re: Executed Professional Service Agreement

Via **USPS** **Fed Ex** **UPS** **Overnight** **Pick Up** **Delivery**

We are sending you

Herewith

Under Separate Cover

(1) Executed Professional Service Agreement for 2018 Financial Analysis Study for Replacement Water Assessment

- FOR YOUR APPROVAL
- FOR REVIEW AND COMMENT
- PER YOUR REQUEST

- FOR YOUR FILES
- FOR SIGNATURES
- TO BE NOTARIZED

Comments:

Thank you,

Angel Fitzpatrick
Antelope East Kern Water Agency

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

PROFESSIONAL SERVICES AGREEMENT

1. PARTIES AND DATE.

This Agreement is made and entered into this 1st day of August, 2018, by and between Antelope Valley State Water Contractors Association, ("Association") and **Raftelis Financial Consultants** an entity with its principal place of business at 150 N Santa Anita Avenue, Suite 470, Arcadia, CA 91006 ("Consultant"). Association and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Association. A joint power authority created in 1999, with power to contract for services necessary to achieve its purpose.

2.2 Consultant. Consultant desires to perform and assume responsibility for the provision of certain professional services required by the Association on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing **Financial Analysis** to public clients, is licensed in the State of California, and is familiar with the plans of the Association.

2.3 Project. Association desires to engage Consultant to render such services for the **2018 Financial Analysis Study for Replacement Water Assessment** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the Association all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional engineering consulting services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **August 1, 2018 to December 31, 2018**, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other

established schedules and deadlines. The Association shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than 10 additional one-year terms. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. The Association retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of the Association and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, the Association shall respond to Consultant's submittals in a timely manner. Upon request of the Association, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of the Association.

3.2.4 Substitution of Key Personnel. Consultant has represented to the Association that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of the Association. In the event that the Association and Consultant cannot agree as to the substitution of key personnel, the Association shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the Association, or who are determined by the Association to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Association. The key personnel for performance of this Agreement are as follows: **Sudhir Pardiwala.**

3.2.5 Association's Representative. Association hereby designates **Matthew Knudson**, or his or her designee, to act as its representative for the performance of this Agreement ("Association's Representative"). Association Representative shall have the power to act on behalf of the Association for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the Association Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Sudhir Pardiwala** or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with the Association's staff in the performance of Services and shall be available to the Association's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the Association, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the Association to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the Association, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the Association, Consultant shall be solely responsible for all costs arising

therefrom. Consultant shall defend, indemnify and hold the Association, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to the Association that it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the Association that the subcontractor has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: One Million Dollars (\$1,000,000) per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

3.2.10.3 Professional Liability. Consultant shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$1,000,000 per claim, and shall be endorsed to include contractual liability.

3.2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the Association to add the following provisions to the insurance policies:

(A) General Liability. The general liability policy shall be endorsed to state that: (1) The Association, its officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the Services or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the Association, its officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Association, its officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) The Association, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the Association, its officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Association, its officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Association, its officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Association; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Association, its officials, officers, employees, agents and volunteers.

3.2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Association, its officials, officers, employees, agents and volunteers.

3.2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Association. Consultant shall guarantee that, at the option of the Association, either: (1) the insurer shall reduce or

eliminate such deductibles or self-insured retentions as respects the Association, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the Association.

3.2.10.8 Verification of Coverage. Consultant shall furnish the Association with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the Association. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by the Association if requested. All certificates and endorsements must be received and approved by the Association before work commences. The Association reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. The total compensation shall not exceed Twenty-seven thousand three hundred and seventy-seven **dollars (\$ 27,377)** without written approval of the Association's **General Manager**. Extra Work may be authorized, as described below; and if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to the Association a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. The Association shall, within forty-

five (45) days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses other than indicated in the proposal unless authorized in writing by the Association.

3.3.4 Extra Work. At any time during the term of this Agreement, the Association may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by the Association to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the Association's Representative.

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. **Since** the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and **since** the total compensation is One Thousand Dollars (\$1,000) or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the Association, its elected officials, officers, employees, volunteers and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

Effective April 1, 2015, if the services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of the Association during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall

allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. The Association may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to the Association, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, the Association may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, the Association may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**Antelope Valley State Water
Contractors Association**
2029 East Avenue Q
Palmdale, CA 93550
Attn : Matthew Knudson

Consultant :
Raftelis Financial Consultants, Inc.
150 N Santa Anita Ave, Ste 470
Arcadia, CA 91006
Attn: Sudhir Pardiwala

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for the Association to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, including, without limitation, any Computer Aided Design and Drafting ("CADD") data, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subcontractors to agree in writing that the Association is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the Association. The Association shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at the Association's sole risk. Any CADD data delivered to the Association shall not include the professional stamp or signature of an engineer, architect, or any other licensed professional, but shall be followed with a hard copy with such stamp or signature.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of the Association, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use the Association's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of the Association.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification. To the fullest extent permitted by law, Consultant shall defend, indemnify and hold the Association, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses,

liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or relating to any negligence, errors or omissions, recklessness, or willful misconduct of Consultant, its officials, officers, employees, agents, consultants, and contractors arising out of or in connection with the performance of the Consultant's Services, including without limitation the payment of all consequential damages, expert witness fees, and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against the Association, its directors, officials, officers, employees, agents, or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against the Association, its directors, officials, officers, employees, agents, or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse the Association, its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the Association, its directors, officials, officers, employees, agents, or volunteers.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Los Angeles County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 The Association's Right to Employ Other Consultants. The Association reserves right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the Association. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement.

All references to the Association include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment: Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity: Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor, has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the Association shall have the right to rescind this Agreement without liability.

For the term of this Agreement, no member, officer or employee of the Association, during the term of his or her service with the Association, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6 Subcontracting.

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of the Association. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

ANTELOPE VALLEY STATE WATER
CONTRACTORS ASSOCIATION

RAFTELIS FINANCIAL CONSULTANTS

By: 
MATTHEW KNUDSON
GENERAL MANAGER


By: 
SUDHIR PARDIWALA, PE
EXECUTIVE VICE PRESIDENT

EXHIBIT "A"
SCOPE OF SERVICES

THE CONSULTANT SHALL DILIGENTLY AND CONTINUOUSLY UNDERTAKE
THROUGH COMPLETION ALL WORK REQUIRED UNDER THIS AGREEMENT

Scope of Service

Task 1 – Project Management, Communication, and Data Collection

Project Management

For this study, Mr. Sudhir Pardiwala will serve as Project Manager and the point of contact and will coordinate all efforts with Association staff. Our management approach stresses transparency, communication, teamwork, objectivity, and accountability to meeting project objectives. Management responsibilities extend to general administrative duties such as client correspondence, billing, project documentation, and administration of the Study work plan.

In every project, we implement a systematic program of quality assurance and quality control (QA/QC) to ensure consistency, accuracy, and validity. As Project Manager, Sudhir Pardiwala will ensure that the financial analysis model developed is functioning properly and is based on sound principles and standard industry practice. This ensures that all of our work products will be of the highest quality and meet or exceed the standards that our clients have come to expect from Raftelis.

We believe a productive kick-off meeting is the most effective way to begin a study of this nature. Prior to the meeting, we will provide the Association with a meeting agenda and data request list. In advance of the meeting, we will also review any data provided beforehand in response to the list so that we may discuss any questions with staff at the kick-off meeting. The purpose of this in-person meeting is to provide a forum to discuss parameters, goals and objectives, policies, and methodologies. During the meeting, we will also examine agency-specific conditions with representatives from the three-member agencies, Antelope Valley-East Kern Water Agency, Littlerock Creek Irrigation District, and Palmdale Water District.

Finally, we will review and finalize the work schedule during the kick-off meeting. This project schedule will include important milestones and preliminary estimations of completion for each. An updated schedule will be provided after the meeting.

Throughout the Study, the Raftelis Team will schedule biweekly status update webinars. Status meetings will be conducted via telephone or webinar utilizing GoToMeeting, a web conferencing tool that enables clients and consultants to simultaneously view any application on a computer in real time over the Internet. This tool will help us conduct efficient webinars to discuss issues and review results, and it makes the project more efficient and minimizes costs. The Project Team will also conduct face-to-face meetings as outlined in the scope.

Prior to each meeting, we will provide staff an agenda at least five working days in advance of each webinar and an updated project schedule. This scope assumes a maximum three-month project duration commencing at the Kick-Off meeting, with the total biweekly webinars listed below as reflective of this duration. However, we would be happy to discuss additional webinars should the need arise. After each biweekly meeting, Raftelis will provide staff meeting minutes within five working days.

Meetings: One in-person Kick-Off Meeting; Six biweekly status update webinars

Deliverables: Data request list; Kick-off meeting agenda, presentation materials, and meeting minutes; Biweekly meeting agenda, presentation materials (as needed), and meeting minutes; Initial and updated work schedule

Task 2 – Perform Analysis of Costs

As part of its objectives, the Association manages and encourages the conservation of the local groundwater in Antelope Valley. Integral to the conservation plan is recharging the basin with imported water from the State Water Project, also managed by the Association within its service area. Raftelis will perform a financial analysis of the imported water costs for the Association's groundwater basin recharge. This analysis will include an examination of the roles of each of the three-member agencies and will assist in defining which agencies will recharge the basin and the distribution of costs with consideration of agencies' extraction points and quantities as well as recharge point locations.

Analysis will commence with a review of the items provided in response to the data request list. We will discuss with staff any questions or additional data needs that may arise after the kick-off meeting. In conducting the financial analysis, we will define costs as fixed or variable depending on the nature of each expense and allocate them to each member agency fairly and equitably based on shared responsibility. Raftelis will utilize input from the member agencies and Association staff provided during the kick-off and biweekly update meetings to inform the cost analysis. Additionally, Raftelis will distribute the imported water fixed and variable costs across the agencies, identifying those shared across each agency and to what degree. This blended cost analysis of the three-member agencies includes identifying costs solely born by individual agencies and the reasoning behind these allocations.

Finally, Raftelis will distribute costs across property owners with consideration for those who have paid their share of State Water Project costs through their property taxes in comparison to properties that have not yet contributed to these costs through property taxes. Using these allocations, we will develop the Replacement Water Assessment Fees. Working with representatives from all member agencies will ensure both the equitable and fair allocation of costs as well as a shared understanding among stakeholders of the goals, objectives, and decisions involved in the rate design process.

After conducting the financial analysis, Raftelis will prepare a technical memorandum providing preliminary results of the financial analysis. The memorandum will include background data, project objectives as defined in the kick-off meeting, and relevant factors such as policies and agency-specific considerations that factored into the analysis. Next, the memorandum will detail the identification of the fixed and variable costs for importing water and recharging the groundwater basin through the existing recharge facilities. It will then discuss the allocation of these costs across member agencies. The memorandum will also discuss the rationale behind the allocations across property owners based on property tax contributions to the State Water Project and leading to the proposed Replacement Water Assessment Fees.

Raftelis will provide staff a draft memorandum for review and comment. We will discuss staff comments in a webinar during which we will discuss the preliminary results of the analysis and address any additional questions or comments. After incorporating staff revisions to the draft memorandum, we will provide a final draft memorandum as well as the draft financial analysis model.

Meetings: One webinar with staff to discuss preliminary results and draft technical memorandum; One in-person meeting to discuss results

Deliverables: Preliminary Results Draft and Final Technical Memoranda; Draft financial analysis model

Task 3 – Prepare Draft and Final Reports

The draft report will summarize the results of the study. It will include an executive summary highlighting the major issues and decisions reached during development of the financial analysis and proposed Replacement Water Assessment Fees. The main body of the report will include a brief physical description of the Association and the groundwater recharge program as well as an overview of the financial analysis and the rationale behind the proposed Replacement Water Assessment Fees. The report will also contain discussion of the analysis' assumptions and methodologies employed in preparing it. The report will guide the reader through the study and explain how we derived the imported water costs for the groundwater basin recharge, including the reasoning behind any allocations of cost between the member agencies.

Association staff members, member agency representatives, and the Association's Attorney will provide comments for summarization and incorporation into the draft report. Raftelis will conduct a webinar with Association staff to discuss and review the draft comments. After incorporating any final edits, Raftelis will conduct a second webinar to discuss the preliminary final report. Raftelis will then provide the complete final report. The final report will serve as the administrative record for the establishment of a Replacement Water Assessment for the Antelope Valley Watermaster.

Finally, Raftelis will attend one Association Commissioner Meeting to provide support to Association staff in the presentation of results.

Meetings: One webinar with staff to discuss draft report and review report comments; One webinar with staff to review the preliminary final report; One Association Commissioner Meeting

Deliverables: Draft, Preliminary Final, and Final Results Report; Final financial analysis model

EXHIBIT "B"
COMPENSATION

Fee Schedule

Raftelis will provide the services shown in the Scope on a time and materials basis as shown below. Expenses include a \$10 per hour technology charge that covers network, computer, software, printing, postage, telephones, etc.

Antelope Valley State Water Contractors Association
2018 Financial Analysis Study for Replacement Water Assessment

Tasks	Web Meetings	Number of Meetings	\$P	\$C	Admin	Total	Total Fees & Expenses
1. Project Management, Communication, and Data Collection	1	8	12	15	8	35	\$7,059
2. Perform Analysis of Costs	1	1	10	40	1	51	\$10,599
3. Prepare Draft and Final Reports	2	3	12	30	12	54	\$10,700
Total Estimated Meetings / Hours	4	12	34	85	21	140	
Hourly Billing Rate			\$325	\$150	\$75		
Total Professional Fees			\$11,700	\$12,650	\$300	\$25,650	
						Total Fees	\$25,650
						Total Expenses	\$1,727
						Total Fees & Expenses	\$27,377

\$P - Staff - Research & Design / Materials
\$C - Staff - Consultant
Admin - Administrative Staff

The Hourly rates for staff are:

<u>Position</u>	<u>Hourly Billing Rate</u>
	**
Executive Vice President	\$325
Senior Manager	\$260
Manager	\$235
Senior Consultant	\$205
Consultant	\$180
Associate	\$150
Administration	\$75
Technology/Communications Charge*	\$10



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/30/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bear Insurance Service 173 North Second Street Albemarle NC 28001		CONTACT NAME: Pamela Morton PHONE (A/C, No, Ext): (704) 982-1156 FAX (A/C, No): (704) 982-7012 E-MAIL ADDRESS: pmorton@bearinsurance.com	
INSURED Raftelis Financial Consultants, Inc. 227 W Trade St Suite 1400 Charlotte NC 28202		INSURER(S) AFFORDING COVERAGE INSURER A: The Cincinnati Insurance Company INSURER B: Old Republic Ins Co INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** 2018 - CA/FL **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURED	SUBROGATION	WARRANTY	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Includes XCU <input checked="" type="checkbox"/> Contractual Liability GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER	Y	Y		CAP5124411	01/21/2018	01/21/2019	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y	Y		CAP5124411	01/21/2018	01/21/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED: RETENTION \$				CAP5124411	01/21/2018	01/21/2019	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 Follows Form \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	Y	EWC0472640	01/21/2018	01/21/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	Professional Liability Claims Made Policy / Retro Date 7/1/17				ALT74641	01/21/2018	01/21/2019	\$5,000,000 occurrence \$25,000 Ded \$5,000,000 aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Antelope Valley State Water Contractors Association, officials, officers, employees, agents and volunteers are included as additional insureds under the general liability and automobile liability. Insurance is primary and non-contributory. Umbrella coverage follows form. Waiver of subrogation applies in favor of "The Association" with respects to workers compensation.
Thirty (30) days notice of cancellation, except ten (10) days for non-payment, will be provided to certificate holder.
See attached GA472-101; AA4171-1105; AA4172-0909; AA4174-1105; CG2404-1093; WC000313; IA4087 NC-0811.

CERTIFICATE HOLDER Antelope Valley State Water Contractors Association 2029 East Avenue Q Palmdale CA 93550	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Pamela J. Morton</i>
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTOMATIC ADDITIONAL INSURED - WHEN REQUIRED IN CONTRACT OR AGREEMENT WITH YOU

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. SECTION II - WHO IS AN INSURED, 2 is amended to include:

e. Any person or organization, hereinafter referred to as ADDITIONAL INSURED:

- (1) Who or which is not specifically named as an additional insured under any other provision of, or endorsement added to, this Coverage Part; and
- (2) For whom you are required to add as an additional insured on this Coverage Part

under:

- (1) A written contract or agreement; or
- (2) An oral agreement or contract where a certificate of insurance showing that person or organization as an additional insured has been issued;

but only with respect to liability arising out of "your work" performed for that additional insured by you or on your behalf. A person or organization's status as an insured under this endorsement continues for only the period of time required by the written contract or agreement, but in no event beyond the expiration date of this Coverage Part. If there is no written contract or agreement, or if no period of time is required by the written contract or agreement, a person or organization's status as an insured under this endorsement ends when your operations for that insured are completed.

2. SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS is amended to include:

1. Automatic Additional Insured Provision

The written or oral contract or agreement must be currently in effect or become effective during the term of this Coverage Part. The contract or agreement also must be executed prior to the "bodily injury", "property damage" or "personal and advertising injury" to which this endorsement pertains.

2. Conformance to Specific Written Contract or Agreement

If a written contract or agreement between you and the additional insured specifies that coverage for the additional insured:

- a. Be provided by the Insurance Services Office additional insured form number CG 20 10 or CG 20 37 (where edition specified); or
- b. Include coverage for completed operations; or
- c. Include coverage for "your work";

and where the limits or coverage provided to the additional insured is more restrictive than was specifically required in that written contract or agreement, the terms of Paragraphs 3., 4.a.(2) and / or 4.b., or any combination thereof, of this endorsement shall be interpreted as providing the limits or coverage required by the terms of the written contract or agreement, but only to the extent that such limits or coverage is included within the terms of the Coverage Part to which this endorsement is attached. If, however, the written contract or agreement specifies the Insurance Services Office additional insured form number CG 20 10 but does not specify which edition, or specifies an edition that does not exist, Paragraphs 3. and 4.a.(2) of this endorsement shall not apply and Paragraph 4.b. of this endorsement shall apply.

3. SECTION III - LIMITS OF INSURANCE is amended to include:

The limits applicable to the additional insured are those specified in the written contract or agreement or in the Declarations of this Coverage Part, whichever are less. If no limits are specified in the written contract or agreement, or if there is no written contract or agreement, the limits applicable to the additional insured are those specified in the Declarations of this Coverage Part. The limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

4. The following are added to SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions and SECTION I - COVERAGES, COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions:

The insurance provided to the additional insured does not apply to:

- a. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the:
- (1) Rendering of, or failure to render, any professional architectural, engineering or surveying services, including:
 - (a) The preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - (b) Supervisory, inspection, architectural or engineering activities;
 - (2) Sole negligence or willful misconduct of, or for defects in design furnished by, the additional insured or its "employees".
- b. "Bodily injury" or "property damage" arising out of "your work" included in the "products-completed operations hazard".

- c. "Bodily injury" or "property damage" arising out of "your work" for which a consolidated (wrap-up) insurance program has been provided by the prime contractor / project manager or owner of the construction project in which you are involved.

5. SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 5. Other Insurance is amended to include:

- a. Where required by a written contract or agreement, this insurance is primary and / or noncontributory as respects any other insurance policy issued to the additional insured, and such other insurance policy shall be excess and / or noncontributing, whichever applies, with this insurance.
- b. Any insurance provided by this endorsement shall be primary to other insurance available to the additional insured except:
- (1) As otherwise provided in SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 5. Other Insurance, b. Excess Insurance; or
 - (2) For any other valid and collectible insurance available to the additional insured as an additional insured by attachment of an endorsement to another insurance policy that is written on an excess basis. In such case, the coverage provided under this endorsement shall also be excess.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED BY CONTRACT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement Effective: 01-21-2018	Policy Number: CAP5124411
Named Insured: RAFTELIS FINANCIAL CONSULTANTS, INC.	
Countersigned by:	

(Authorized Representative)

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

SECTION II - LIABILITY COVERAGE, A. Coverage, 1. Who is an Insured is amended to include as an Insured any person or organization with which you have agreed in a valid written contract to provide insurance as is afforded by this policy.

This provision is limited to the scope of the valid written contract.

This provision does not apply unless the valid written contract has been executed prior to the "bodily injury" or "property damage".

Countersigned by Paul T. Childress

AA41711105

THIS ENDORSEMENT CHANGES THE POLICY PLEASE READ IT CAREFULLY

BLANKET WAIVER OF SUBROGATION AUTO

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below

Endorsement Effective: 01-21-2018	Policy Number: CAP 5124411
Named Ins: Raftelis Financial Consultants, Inc	
Countersigned by:	

(Authorized Representative)

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement

1 Blanket Waiver of Subrogation

SECTION IV BUSINESS AUTO CONDITIONS, A Loss Conditions, 5 Transfer of Rights of Recovery Against Others to Us is amended by the addition of the following:

We waive any right of recovery we may have against any person or organization because

of payments we make for "bodily injury" or "property damage" arising out of the operation of a covered "auto" when you have assumed liability for such "bodily injury" or "property damage" under an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the "insured contract"

THIS ENDORSEMENT CHANGES THE POLICY PLEASE READ IT CAREFULLY

PRIMARY AND NONCONTRIBUTORY INSURANCE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below

Endorsement Effective:	01-21-2018	Policy Number:	CAP 5124411
Named Insured:	Raftells Financial Consultants Inc		
Countersigned by:			

(Authorized Representative)

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement

1 Noncontributory Insurance

SECTION IV BUSINESS AUTO CONDITIONS, B General Conditions, 5 Other Insurance is replaced by the following:

- c Regardless of the provisions of Paragraph a above, this Coverage Form's Liability Coverage is primary and we will not seek contribution from any other insurance for any liability assumed under an "insured contract" that requires liability to be assumed on a primary noncontributory basis

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

BLANKET

BLANKET WAIVER OF SUBROGATION

IF YOU ARE REQUIRED BY A WRITTEN CONTRACT OR AGREEMENT, WHICH IS EXECUTED BEFORE A LOSS, TO WAIVE YOUR RIGHTS OF RECOVERY FROM OTHERS, WE AGREE TO WAIVE OUR RIGHTS OF RECOVERY.

THIS WAIVER OF RIGHTS APPLIES TO ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED HAS AGREED BY WRITTEN CONTRACT TO FURNISH THIS WAIVER, BUT SHALL NOT BE CONSTRUED TO BE A WAIVER WITH RESPECT TO ANY OTHER OPERATIONS IN WHICH THE INSURED HAS NO CONTRACTUAL INTEREST.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement 01/21/18
Insured RAFTELIS FINANCIAL
CONSULTANTS INC
Insurance Company
CINCINNATI INSURANCE COMPANY

Effective Policy EWC0772640 Endorsement No.
Premium
Countersigned by Paul T. Childress

WC000313
(Ed. 4-84)

POLICY NUMBER: CAP 5124411

COMMERCIAL GENERAL LIABILITY
CG 24 04 05 09

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

BLANKET – WHERE REQUIRED BY WRITTEN CONTRACT

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8, Transfer Of Rights Of Recovery Against Others To Us of Section IV- Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION OR NONRENEWAL BY US

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PACKAGE POLICY
CLAIMS-MADE EXCESS LIABILITY COVERAGE PART
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL UMBRELLA LIABILITY COVERAGE PART
DENTIST'S PACKAGE POLICY
EXCESS LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
PROFESSIONAL UMBRELLA LIABILITY COVERAGE PART
PROFESSIONAL UMBRELLA LIABILITY COVERAGE PART - CLAIMS-MADE

Number of days notice (other than nonpayment of premium): 30

- A. If we cancel or nonrenew this policy for any statutorily permitted reason other than nonpayment of premium we will mail notice to the person or organization shown in the Schedule. We will mail such notice at least the number of days shown in the Schedule before the effective date of cancellation or nonrenewal.
- B. If we cancel this policy for nonpayment of premium, we will mail notice to the person or organization shown in the Schedule. We will mail such notice at least 15 days before the effective date of cancellation.
- C. If notice is mailed, proof of mailing to the mailing address shown in the Schedule will be sufficient proof of notice.
- D. In no event will coverage extend beyond the actual expiration, termination or cancellation of the policy.

IA4087 NC 0811

Rafells Financial Consultants Inc

CAP 5124411

EXHIBIT 7



AVSWCA

Antelope Valley State Water Contractors Association

www.avswca.org

COMMISSIONERS

ROBERT PARRIS, *Chair*

VINCENT DINO, *Vice Chair*

LEO THIBAUT, *Treasurer-Auditor*

KATHY MAC LAREN, *Secretary*

KEITH DYAS, *Commissioner*

BARBARA HOGAN, *Commissioner*

OFFICERS

MATTHEW R. KNUDSON, *General Manager*

PETER THOMPSON II, *Asst. General Manager*

TOM BARNES, *Resources Manager*

DENNIS HOFFMEYER, *Controller*

DANIELLE HENRY, *Management Analyst*

March 7, 2019

***Agenda for the Regular Meeting of the
Commissioners of the Antelope Valley State Water Contractors
Association to be held at the Palmdale Water District office
at 2029 East Avenue Q, Palmdale***

Thursday, March 14, 2019

6:00 p.m.

NOTE: To comply with the Americans with Disabilities Act, to participate in any Association meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to an Association meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the Palmdale Water District's office located at 2029 E. Ave. Q, Palmdale. Please call Danielle Henry at 661-947-4111 x1059 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the Association to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance.
- 2) Roll call.
- 3) Adoption of agenda.
- 4) Public comments for items not on the agenda.
- 5) Consideration and possible action on minutes of regular meeting held February 19, 2019.
- 6) Payment of bills.

- 7) Discussion and possible action on Financial Analysis Study for Providing Replacement Water to the Antelope Valley. (General Manager Knudson/Assistant General Manager Thompson II)
- 8) Report of General Manager and Assistant General Manager.
 - a) Update on proposed east side recycled water line project.
 - b) Update on Big Rock Creek Joint Groundwater Recharge Project.
 - c) Update on Antelope Valley Watermaster meetings.
 - d) Update on Antelope Valley and Fremont Basin IRWMP Stakeholder meetings.
 - e) Update on Mutual Aid Agreement.
- 9) Report of Controller.
 - a) Update on Revenue, Expenses and Change in Net Position.
- 10) Reports of Commissioners.
- 11) Report of Attorney.
- 12) Commission members' requests for future agenda items.
- 13) Consideration and possible action on scheduling the next Association meeting April 11, 2019.
- 14) Adjournment.

MINUTES OF REGULAR MEETING OF THE COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION, MARCH 14, 2019.

A regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was held Thursday, March 14, 2019, at the Palmdale Water District at 2029 East Avenue Q, Palmdale. Vice Chair Dino called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance.

At the request of Vice Chair Dino, Commissioner Dyas led the pledge of allegiance.

2) Roll Call.

Attendance:

Vincent Dino, Vice Chair
Leo Thibault, Treasurer-Auditor
Kathy Mac Laren, Secretary
Keith Dyas, Commissioner
John Tenerelli, Alt. Commissioner

Others Present:

Matt Knudson, General Manager
Peter Thompson II, Asst. General Manager
Tom Barnes, Resources Manager
James Chaisson, LCID General Manager
Danielle Henry, Management Analyst
1 member of the public

EXCUSED ABSENCES--

Robert Parris, Chair
Barbara Hogan, Commissioner

3) Adoption of Agenda.

It was moved by Commissioner Mac Laren, seconded by Commissioner Thibault, and unanimously carried by all members of the Board of Commissioners present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Consideration and Possible Action on Minutes of Regular Meeting Held February 19, 2019.

It was moved by Commissioner Dyas, seconded by Commissioner Mac Laren, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve the minutes of the regular meeting held February 19, 2019, as written.

6) Payment of Bills.

Commissioner Thibault reviewed the bills received for payment and then moved to pay the bills received from PWD in the amount of \$1,323.77 for staff services, from AVEK in the amount of \$841.56 for staff services, from the Antelope Valley Fair Association in the amount of \$10,000.00 for sponsorship of the 2019 Home Show and SMART Water Expo, and from Raftelis in the amount of \$1,641.25 for professional services associated with the Financial Analysis for Replacement Water Assessment for the period of February 1, 2019 through February 28, 2019. The motion was seconded by Commissioner Mac Laren and unanimously carried by all members of the Board of Commissioners present at the meeting.

7) Discussion and Possible Action on Financial Analysis Study for Providing Replacement Water to the Antelope Valley. (General Manager Knudson/Assistant General Manager Thompson II)

General Manager Knudson reviewed the draft Financial Analysis Study for Providing Replacement Water to the Antelope Valley prepared by Raftelis, including the fixed and variable components of replacement water costs, and after discussions of the data used for the fixed and variable calculations, of the potential competition for replacement water through transfers, and of the Association's rights to the financial model developed by Raftelis for use of future replacement water cost adjustments, it was determined to present the draft Financial Analysis Study for Providing Replacement Water to the Antelope Valley to each member agency Board for review and approval.

8) Report of General Manager and Assistant General Manager.

a) Update on Proposed East Side Recycled Water Line Project.

General Manager Knudson stated that he has no report on this item.

b) Update on Big Rock Creek Joint Groundwater Recharge Project.

Assistant General Manager Thompson II stated that staff has reduced the water flow from the Department of Water Resources connection for the Big Rock Creek Joint Groundwater Recharge Pilot Project due to natural recharge from the recent rains and that staff will continue to monitor flows at the Project site.

c) Update on Antelope Valley Watermaster Meetings.

General Manager Knudson stated the next Watermaster meeting will be held on March 27, 2019 at 10 a.m. at AVEK and that discussions will include water transfers, well applications, and payment of bills.

d) Update on Antelope Valley and Fremont Basin IRWMP Stakeholder meetings.

General Manager Knudson stated that the Antelope Valley IRWMP Stakeholders met on March 6, 2019 and that the focus of the meeting was to determine the top five projects to include with the Antelope Valley IRWMP update for upcoming Proposition 1 grant funding.

He then stated that the Fremont Basin IRWMP has been completed and submitted to the Department of Water Resources for review and that the three member agencies of Fremont Valley are expected to approve the Plan next month.

e) Update on Mutual Aid Agreement.

Assistant General Manager Thompson II stated that staff is discussing practical ways to apply the Association's Mutual Aid Agreement and that information on this item will be provided at a future meeting.

9) Report of Controller.

a) Update on Revenue, Expenses and Change in Net Position.

General Manager Knudson provided a brief update on the Association's revenue, expenses, and change in net position for year ending February 28, 2019 and stated that the balance in the General Program Fund is running low and that the 2019 Home Show and SMART Water Expo sponsorship shares have been invoiced to each of the member agencies followed by a brief discussion of available funds and volunteers for the SMART Water Expo.

10) Reports of Commissioners.

Commissioner Mac Laren stated that PWD General Manager LaMoreaux has been nominated for a Board position with the California Special Districts Association Southern Network and that AVEK and LCID may receive a letter requesting support for his nomination.

There were no further reports.

11) Report of Attorney.

There was no report.

12) Commission Members' Requests for Future Agenda Items.

It was determined that "Consideration and Possible Action on the Financial Analysis Study for the Cost of Providing Replacement Water to the Antelope Valley," "Update on the Big Rock Creek Joint Groundwater Recharge Project," "Update on Proposed East Side Recycled Water Line Project," "Update on Antelope Valley Watermaster Meetings" and "Update on Antelope Valley and Fremont Basin IRWMP Stakeholder meetings" will remain on the next meeting agenda and that "Consideration and Possible Action on Position of ACWA/JPIA Representative" be added to the next meeting agenda.

There were no further requests for future agenda items.

13) Consideration and Possible Action on Scheduling the Next Association Meeting.

It was determined that the next regular meeting of the Association will be held on April 11, 2019 at 6:00 p.m. at Palmdale Water District.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION
MARCH 14, 2019
REGULAR MEETING

14) **Adjournment.**

There being no further business to come before the Commissioners, the regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was adjourned at 6:40 p.m.

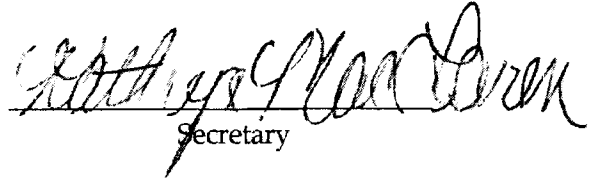

Secretary

EXHIBIT 8

ANTELOPE VALLEY

STATE WATER CONTRACTORS ASSOCIATION

Financial Analysis Study for Replacement Water Assessment

Final Report / March 6, 2019





March 6, 2019

Mr. Matthew Knudson
General Manager
Antelope Valley State Water Contractors Association
2029 East Avenue Q
Palmdale, CA 93550

Subject: Financial Analysis Study for Replacement Water Assessment

Dear Mr. Knudson,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Financial Analysis Study for Replacement Water Assessment Report (Report) for the Antelope Valley State Water Contractors Association (AVSWCA). The primary objective of the study was to perform a financial analysis of the imported water costs associated with AVSWCA's groundwater basin recharge, and to develop Replacement Water Assessment fees to be assessed to property owners or agencies outside of AVSWCA's service area.

This Report summarizes the key findings and recommendations related to the financial analysis conducted as part of the study. It has been a pleasure working with you, and we thank you and other key staff from Antelope Valley-East Kern Water Agency, Littlerock Creek Irrigation District, and Palmdale Water District for the support provided during the course of this study.

Sincerely,
Raftelis Financial Consultants, Inc.

A handwritten signature in black ink, appearing to read 'Sudhir Pardiwala'.

Sudhir Pardiwala
Executive Vice President

A handwritten signature in black ink, appearing to read 'Charles Diamond'.

Charles Diamond
Consultant

445 S. Figueroa Street, Suite 2270
Los Angeles, CA 90071
www.raftelis.com

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Introduction

The Antelope Valley State Water Contractors Association (AVSWCA) is a joint powers authority created in 1999 to optimize the use of water resources and to protect surface water and groundwater storage within the Antelope Valley. AVSWCA's three member agencies include the Antelope Valley-East Kern Water Agency (AVEK), Littlerock Creek Irrigation District (LCID), and Palmdale Water District (PWD). Each of the member agencies has a contract with the California Department of Water Resources for entitlement to and delivery of imported water from the State Water Project (SWP).

The AVSWCA's service area lies within the adjudicated Antelope Valley Groundwater Basin. As part of the adjudication judgement, the Antelope Valley Watermaster is tasked with determining the amount of imported Replacement Water from the SWP to be used to recharge the groundwater basin in order to ensure that the basin's Total Safe Yield is not exceeded. Imported SWP water to be utilized as Replacement Water will be purchased from AVSWCA's member agencies or other entities. AVSWCA is therefore interested in determining the per acre-foot (AF) cost for Replacement Water Assessments to be charged to groundwater producers within and surrounding its service area who do not have any entitlement in the SWP or rights in the Groundwater Basin.

Property owners subject to the proposed Replacement Water Assessments that reside within the service areas of AVSWCA's three member agencies contribute to the recovery of SWP capital costs through property taxes. However, property owners outside of the three member agencies' service areas (herein referred to as "Outside Users") do not own any entitlement rights and do not contribute to SWP costs. Therefore, it is appropriate for Replacement Water Assessments to be charged to Outside Users who are not SWP members or own rights in the Groundwater Basin. Although AVSWCA has preliminarily set the Replacement Water Assessment fee for groundwater users within its member agencies' service areas at \$415 per acre-foot for 2018, Replacement Water Assessment fees for Outside Users have to be developed.

The AVSWCA engaged Raftelis Financial Consultants, Inc. (Raftelis) in 2018 to conduct a Financial Analysis Study for Replacement Water Assessment (Study). The primary objective of the Study was to conduct financial analyses necessary to develop the proposed Replacement Water Assessments for Outside Users related to AVSWCA's groundwater recharge activities. This Financial Analysis Study for Replacement Water Assessment Report (Report) details the analysis performed by Raftelis as well as all results and recommendations.

Methodology & Assumptions

METHODOLOGY

Based on discussions with staff from each of AVSWCA's member agencies, Raftelis recommends establishing Replacement Water Assessment fees for Outside Users based on fixed cost payments made by each member agency to the California Department of Water Resources for the importation of SWP water as well as the variable cost associated with delivering Replacement Water. The member agencies and the property owners within their service areas continue to fund the fixed costs associated with importing SWP water. Therefore, if any SWP water entitlement of the three member agencies is utilized as Replacement Water by Outside Users, it is reasonable and equitable for the Outside Users to pay a Replacement Water Assessment based in part on the investments of the SWP members. AVSWCA's member agencies have been paying the capital costs of the SWP since the 1960s. The present value of those investments in the SWP should be accounted for in determining a fair price for the Replacement Water.

The primary steps required to calculate the proposed Replacement Water Assessment to charge to Outside Users are outlined below:

1. Calculate the unit rate designed to recover SWP fixed costs:
 - a) Determine the present value of SWP fixed costs through 2017 (delivery data, used in the analysis, was available through 2017) for all three member agencies as defined in Tables A, C, D, E, F, and G of each member agencies' water supply contract with the California Department of Water Resources. The SWP fixed costs included are the Capital Cost Component of the Transportation Charge, the Minimum OMP&R Component of the Transportation Charge, Delta Water Charges, Water System Revenue Bond Surcharge and Off-Aqueduct Power Facilities costs. The capital costs in each year is then converted to 2018 dollars using an average cost escalation factor of 3.9 percent which is equal to the average annual increase in the Consumer Price Index (CPI) between 1962 and 2017 as shown below in Table 1.

Table 1: Annual Cost Escalation

Key Assumption	Value	Notes
Annual Cost Escalation	3.90%	<i>Average CPI from 1962 to 2017</i>

- b) Calculate the fixed payment per acre-foot by dividing the result from Step 1a by total SWP deliveries received through 2017 across all three member agencies. This number represents the value of the SWP delivered water in dollars per acre-foot. This would represent the approximate value of purchasing SWP water entitlement and the corresponding deliveries.
2. Calculate the unit rate designed to recover variable water costs:
 - a) Take the existing Untreated Water Availability Charge rate in dollars per acre-foot for agricultural water delivered under terms of water service agreements through AVEK-owned facilities and adjust to account for 10% water loss due to leakage.
3. Add the SWP fixed cost unit rate from Step 1 and the variable cost unit rate from Step 2 to determine the Replacement Water Assessment for Outside Users to be charged by AVSWCA.

The following key inputs were utilized to calculate the proposed Water Replacement Assessment fees presented in this Report. Firstly, total SWP deliveries through 2017 to each member agency are shown below in Table 2. AVEK and LCID first began receiving SWP water in 1972, while PWD began receiving SWP water in 1985. Information on SWP deliveries was provided to Raftelis by member agency staff.

Table 2: Total SWP Deliveries through 2017 in Acre-Feet

Member Agency	SWP Deliveries
AVEK	2,242,419 AF
LCID	13,310 AF
PWD	338,659 AF
Total	2,594,388 AF

Analysis & Results

This section outlines the calculation of the proposed Replacement Water Assessment for AVSWCA. Table 3 below shows the determination of the present value of total annual SWP fixed cost payments for each member agency through 2017. As stated previously, SWP fixed costs included in this analysis are the Capital Cost Component of the Transportation Charge, the Minimum OMP&R Component of the Transportation Charge, Delta Water Charges, Water System Revenue Bond Surcharges, and Off-Aqueduct Power Facilities costs. Each of these annual costs in nominal USD are contained in Tables A, C, D, E, F, and G of each member agency's Water Supply Contract with the California Department of Water Resources. Raftelis then converted these costs into 2018 USD assuming annual cost escalation of 3.90% (as shown previously in Table 1). Table 3 below shows a summary of total SWP fixed cost payments through 2017 for each member agency in both nominal and 2018 USD. Please refer to Appendices A, B, and C for detailed SWP fixed costs by year and category for AVEK, LCID, and PWD respectively.

Table 3: Present Value of SWP Fixed Costs

Member Agency	Total SWP Fixed Cost Payments (Nominal)	Present Value of Total SWP Fixed Cost Payments (2018 USD)
AVEK	\$518,309,936	\$1,110,446,654
LCID	\$8,009,081	\$17,901,835
PWD	\$77,201,475	\$160,873,533
Total	\$602,520,492	\$1,289,222,022

Table 4 below shows the development of SWP fixed cost payments per acre-foot of delivery for AVSWCA's member agencies. The present value of total SWP fixed cost payments (from Table 3) is simply divided by the SWP entitlements in acre-feet (from Table 2) to arrive at unit cost per acre-foot. This result represents the unit rate to recover SWP fixed costs as described previously in Step 1b on page 2. The SWP fixed cost unit rate constitutes the first of two rate components used to determine the proposed Replacement Water Assessment.

Table 4: Calculation of Unit Rate to Recover SWP Fixed Costs

Line	Description	Amount	Notes/Source
1	Present Value of Total SWP Fixed Cost Payments	\$1,289,222,022	Table 3
2	Total SWP Deliveries	2,594,388 AF	Table 2
3	SWP Fixed Cost Unit Rate	\$496.93 / AF	= [Line 1] / [Line 2]

The second of the two rate components used to determine the proposed Replacement Water Assessment is the variable cost unit rate. This unit rate is designed to recover the variable cost of Replacement Water and is determined by taking the 2019 Untreated Water Availability Charge rate of \$406 per AF for agricultural water delivered under terms of water service agreements through AVEK-owned facilities and adjusting to account for an assumed 10% of water loss due to the recharge process. This calculation is shown in Equation 1 below.

$$\text{Equation 1: Variable Cost Unit Rate} = \frac{\$406/\text{AF}}{100\% - 10\%} = \$451.11/\text{AF}$$

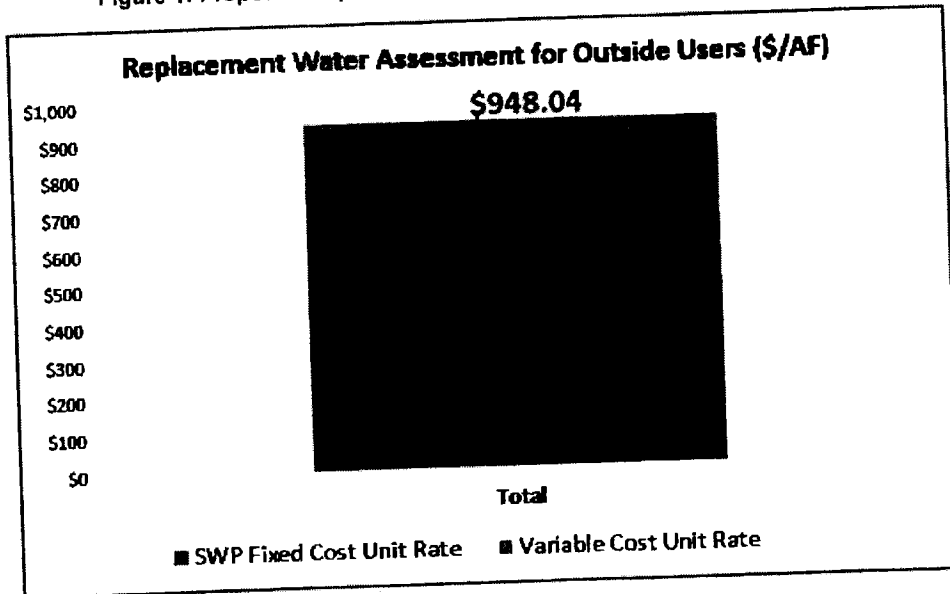
The proposed Replacement Water Assessment for Outside Users is determined by simply adding the SWP fixed cost unit rate (from Line 3 in Table 4) to the variable cost unit rate shown in Equation 1. The proposed Replacement Water Assessments for Outside is shown below in Table 5.

Table 5: Proposed Replacement Water Assessment for Outside Users

Line	Description	Amount	Notes/Source
1	SWP Fixed Cost Unit Rate	\$496.93 / AF	Table 4
2	Variable Cost Unit Rate	\$451.11 / AF	Equation 1
3	Proposed Replacement Water Assessment	\$948.04 / AF	= [Line 1] + [Line 2]

Figure 1 shows the proposed Replacement Water Assessment per acre-foot, as determined above in Table 5. The proposed Replacement Water Assessment of \$948.04 per acre-foot is split relatively evenly between the SWP fixed cost unit rate (52.4%) and variable cost unit rate (47.6%).

Figure 1: Proposed Replacement Water Assessment for Outside Users



APPENDIX A: SWP FIXED COSTS - AVEK

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
ANTELOPE VALLEY-EAST KERN WATER AGENCY
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	CAPITAL COSTS - Total Bond Payments (Nominal)	CAPITAL COSTS - Total Bond Payments (2000 \$)
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1960	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-
1963	3,656	46,476	-	-	-	50,132	411,121	
1964	7,020	75,472	-	-	-	82,492	651,108	
1965	13,398	47,551	-	-	-	60,949	463,010	
1966	24,589	178,207	-	-	-	202,796	1,482,750	
1967	47,671	250,066	-	-	-	297,737	2,095,201	
1968	77,671	591,387	114,164	-	-	783,222	5,304,717	
1969	114,658	867,559	88,040	-	-	1,070,257	6,976,698	
1970	152,774	1,166,586	135,082	-	-	1,454,422	8,125,081	
1971	188,395	1,053,317	186,373	-	-	1,428,085	8,623,524	
1972	211,795	1,406,105	377,265	160,756	-	2,155,921	12,529,912	
1973	227,084	1,734,633	461,155	222,207	-	2,645,079	14,795,794	
1974	239,569	1,690,415	164,921	279,090	-	2,373,995	12,780,972	
1975	253,219	1,507,558	674,928	319,822	-	2,655,527	13,760,026	
1976	266,367	1,481,561	405,268	431,018	-	2,584,214	12,867,880	
1977	280,012	1,478,986	838,666	489,922	-	2,865,586	13,754,693	
1978	294,057	1,486,168	693,808	600,180	-	3,084,011	14,247,472	
1979	309,317	1,480,783	712,340	720,173	-	3,222,613	14,328,955	
1980	325,592	1,477,558	1,000,550	857,818	-	3,661,518	16,669,386	
1981	351,120	2,266,109	733,695	1,355,100	-	4,708,024	19,391,613	
1982	366,401	939,765	1,436,719	1,551,434	-	4,293,319	17,019,736	
1983	392,088	1,617,858	2,407,048	1,110,994	-	1,083,881	6,611,667	
1984	421,808	2,625,413	2,004,478	450,405	-	2,499,848	8,001,952	
1985	449,800	1,790,324	1,944,232	565,881	-	3,749,257	8,499,494	
1986	475,697	1,745,690	2,206,227	635,086	-	3,159,857	8,222,437	
1987	502,492	1,782,829	2,533,025	652,460	-	3,167,759	6,838,555	
1988	527,761	1,813,260	2,193,438	711,841	64,266	2,688,113	7,998,479	
1989	553,780	1,824,686	3,193,094	2,083,593	205,888	2,357,669	10,218,490	
1990	586,519	1,815,427	1,719,784	2,207,667	185,010	2,528,625	9,043,032	

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
ANTELOPE VALLEY-EAST KERN WATER AGENCY
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	PARTIAL CALCULATION Total Fixed Payments (Nominal)	PARTIAL CALCULATION Total Fixed Payments in 2018.5
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1991	618,478	1,785,880	2,644,074	2,454,678	296,854	1,048,414	8,848,376	24,858,983
1992	653,283	1,773,406	2,998,849	2,804,885	402,015	2,760,199	11,392,447	30,806,003
1993	688,496	1,868,898	2,687,894	2,811,318	424,871	3,569,487	11,818,764	30,758,188
1994	725,604	1,839,187	2,922,011	2,894,118	424,023	3,983,982	12,368,923	30,981,685
1995	763,215	1,852,147	3,088,320	2,883,156	500,084	4,324,009	13,210,931	31,848,649
1996	802,713	1,565,704	3,333,727	2,834,480	606,388	3,572,866	12,715,848	29,504,440
1997	842,729	1,624,187	3,322,103	3,133,957	626,151	3,411,379	12,960,506	28,943,327
1998	886,136	1,605,685	3,270,832	3,155,093	602,091	3,977,988	13,487,605	29,011,332
1999	929,559	1,583,859	4,090,289	3,262,870	826,108	3,896,973	14,399,868	29,788,448
2000	975,533	1,528,659	4,232,460	3,314,278	940,325	2,372,130	13,363,385	26,807,026
2001	1,022,242	1,512,897	4,040,411	3,315,004	925,355	2,680,895	13,496,604	25,863,590
2002	1,078,342	1,858,005	3,949,101	3,437,351	974,814	1,668,457	12,786,070	23,545,395
2003	1,130,557	1,579,003	5,598,522	3,365,016	1,015,058	1,445,146	14,133,300	25,088,821
2004	1,183,761	1,530,822	2,549,377	3,333,008	1,016,092	1,813,317	11,426,377	19,522,086
2005	1,239,565	1,489,361	2,864,386	3,461,814	959,268	2,047,838	11,862,032	19,505,685
2006	1,300,414	1,427,276	4,436,843	3,507,524	1,038,028	2,845,985	14,556,068	23,037,251
2007	1,366,303	1,373,827	4,782,823	3,855,524	886,215	2,990,954	15,015,646	22,872,574
2008	1,434,161	1,334,202	5,854,630	3,943,904	999,433	3,547,772	16,914,102	24,797,301
2009	1,503,269	1,373,641	3,726,039	4,310,140	1,080,062	3,357,450	15,350,601	21,680,342
2010	1,586,038	1,297,433	5,686,181	5,385,784	1,033,467	4,321,133	19,309,016	26,223,130
2011	1,672,991	1,250,140	4,229,844	5,928,431	1,118,181	4,952,954	19,150,341	25,031,412
2012	1,758,667	1,210,162	4,248,790	6,189,558	1,090,934	5,401,397	19,899,508	25,034,310
2013	1,812,060	1,128,915	6,343,556	6,550,942	1,188,869	2,563,236	19,585,578	23,714,509
2014	1,899,283	1,533,728	5,209,033	6,368,143	1,345,233	1,148,978	17,504,398	20,399,023
2015	1,954,811	1,479,091	9,320,182	6,666,793	1,288,246	530,003	23,238,926	26,065,298
2016	1,978,002	1,495,875	7,174,136	10,359,280	1,287,598	153,406	22,448,297	24,233,408
2017	1,906,927	1,461,139	5,510,860	8,976,357	1,186,800	120,731	20,162,814	20,948,956

APPENDIX B: SWP FIXED COSTS – LCID

**Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
Littlerock Creek Irrigation District**

(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAREPS CALCULATED OPERATED PAYMENTS (Nominal)	RAREPS CALCULATED TOTALLED PAYMENTS IN 2018
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1960	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-
1963	-	-	-	-	-	-	-	-
1964	121	1,249	-	-	-	-	1,370	10,813
1965	227	1,459	-	-	-	-	1,686	12,808
1966	415	3,633	-	-	-	-	4,048	29,597
1967	809	4,875	-	-	-	-	5,684	39,999
1968	1,324	10,347	1,910	-	-	-	13,581	91,983
1969	1,966	15,024	1,474	-	-	-	18,464	120,362
1970	2,713	21,477	2,255	-	-	-	28,445	165,917
1971	3,413	20,231	3,119	-	-	-	26,763	161,609
1972	3,892	27,037	7,548	1,387	-	-	39,784	231,219
1973	4,113	31,568	9,581	2,577	-	-	47,839	267,597
1974	4,336	32,674	2,049	3,721	-	-	42,780	230,316
1975	4,580	28,656	10,831	4,752	-	-	48,619	251,927
1976	4,818	27,598	6,508	6,289	-	-	45,191	225,375
1977	5,063	28,048	11,038	6,861	-	-	51,010	244,846
1978	5,317	28,623	12,422	9,887	-	-	56,049	258,934
1979	5,590	28,187	12,223	11,889	-	-	57,869	257,307
1980	5,880	28,087	17,113	14,256	-	-	65,336	279,604
1981	6,327	42,899	13,032	22,946	-	-	85,004	350,118
1982	6,605	17,926	26,245	26,335	-	-	77,111	305,686
1983	7,051	30,737	41,811	19,002	-	1,250	98,851	380,975
1984	7,564	48,791	34,781	20,719	-	77	111,932	411,039
1985	8,060	33,467	35,571	24,474	-	-	101,572	358,994
1986	8,503	32,529	38,788	27,822	-	15,873	123,515	420,182
1987	8,946	33,733	44,658	29,064	-	95,994	212,395	695,387
1988	9,392	33,704	39,276	32,024	2,154	30,395	146,945	463,043
1989	9,846	34,245	56,576	36,301	3,763	50,948	191,679	581,334
1990	10,411	33,951	31,445	38,438	3,385	110,878	228,308	686,433

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
Little Rock Creek Irrigation District
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	REVENUE CALCULATED TO BE PAID BY PAYMENTS (Minimum)	REVENUE CALCULATED TO BE PAID BY PAYMENTS (Maximum)
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1991	10,942	33,591	48,035	40,793	5,236	65,111	201,708	566,687
1992	11,535	32,403	51,225	48,610	7,053	22,891	171,717	484,320
1993	12,141	30,180	48,657	46,720	7,437	60,615	205,750	535,482
1994	12,784	29,831	53,958	44,772	7,431	88,549	237,325	594,452
1995	13,436	30,107	51,919	47,914	8,769	43,892	198,037	472,602
1996	14,123	28,753	59,930	47,104	10,840	31,691	192,241	448,055
1997	14,821	29,517	64,464	52,082	10,872	24,319	196,175	438,097
1998	15,579	29,173	68,055	52,433	10,550	30,385	196,155	421,608
1999	16,340	28,928	81,350	54,224	14,475	18,305	213,622	441,918
2000	17,148	27,846	79,374	55,078	16,486	-	195,932	390,108
2001	17,970	27,200	67,726	55,090	16,224	-	184,210	353,002
2002	18,837	26,960	89,689	55,912	16,724	-	188,122	346,967
2003	19,745	25,148	114,340	54,735	17,416	-	231,383	410,738
2004	20,674	24,263	41,999	54,215	17,432	-	158,583	270,941
2005	21,648	23,526	37,282	56,310	16,457	-	155,223	255,246
2006	22,711	22,435	75,875	57,053	17,809	-	195,883	310,015
2007	23,854	21,500	81,033	62,714	11,413	-	200,514	305,433
2008	25,037	20,813	106,363	84,151	17,175	1,845	235,384	345,090
2009	26,245	20,274	57,372	70,109	18,529	3,269	195,798	276,279
2010	27,659	18,849	107,486	87,605	17,731	177	259,487	352,403
2011	29,173	18,001	68,537	98,432	19,149	407	231,899	302,854
2012	30,853	17,291	72,780	100,679	18,453	495	240,351	302,370
2013	32,195	15,825	116,198	106,557	20,052	3,270	294,097	356,097
2014	32,939	14,645	89,881	101,120	21,838	3,804	284,227	307,921
2015	33,976	13,707	161,605	137,621	20,924	2,214	370,048	415,052
2016	34,483	13,912	114,771	164,497	20,895	746	349,304	377,081
2017	33,301	13,387	82,259	158,416	19,257	658	317,278	329,652

APPENDIX C: SWP FIXED COSTS – PWD

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
PALMDALE WATER DISTRICT
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFFEL'S CALCULATED Total Fixed Payments (Nominal)	RAFFEL'S CALCULATED Total Fixed Payments in 2016\$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1960	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-
1963	-	-	-	-	-	-	-	-
1964	946	8,222	-	-	-	-	9,168	72,363
1965	1,796	10,440	-	-	-	-	12,236	92,953
1966	3,323	24,593	-	-	-	-	27,916	204,109
1967	6,497	34,366	-	-	-	-	40,863	287,556
1968	10,751	73,446	14,340	-	-	-	88,537	667,385
1969	16,145	110,471	11,056	-	-	-	137,672	897,444
1970	22,300	153,890	16,970	-	-	-	193,260	1,212,518
1971	27,937	147,486	23,402	-	-	-	198,825	1,200,809
1972	31,440	193,968	52,963	13,021	-	-	291,392	1,893,530
1973	33,743	220,288	67,837	26,131	-	-	348,000	1,946,810
1974	35,597	233,427	16,970	39,631	-	-	325,625	1,753,080
1975	37,618	202,360	77,908	50,989	-	-	368,875	1,911,383
1976	39,567	189,484	49,562	67,591	-	-	356,204	1,776,445
1977	41,584	197,159	80,370	77,255	-	-	396,368	1,902,550
1978	43,662	201,374	90,048	98,345	-	-	433,429	2,002,349
1979	45,910	198,167	90,841	117,285	-	-	452,203	2,010,885
1980	48,293	197,299	126,792	138,590	-	-	510,974	2,186,702
1981	52,024	303,742	94,787	211,396	-	-	661,949	2,726,464
1982	54,285	122,914	188,716	235,100	-	-	601,015	2,382,568
1983	59,032	214,456	310,207	183,825	-	-	747,620	2,852,496
1984	63,894	346,012	258,244	174,500	-	-	842,650	3,094,396
1985	68,768	233,039	259,837	200,605	-	157,601	919,850	3,251,098
1986	73,550	225,088	284,701	223,785	-	301,486	1,108,699	3,771,104
1987	78,491	229,358	328,728	228,654	-	258,719	1,123,950	3,679,840
1988	83,316	229,980	270,456	248,146	16,240	126,639	974,777	3,071,650
1989	87,988	231,677	424,450	276,155	27,981	493,424	1,541,853	4,675,602
1990	93,341	228,640	227,818	289,119	24,956	545,342	1,409,216	4,113,513

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
PALMDALE WATER DISTRICT
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	REVENUE CONTRACTS Total Fixed Payments (Nominal)	CAPITAL CONTRACTS Total Fixed Payments in 2018's
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1991	97,338	226,192	340,042	306,835	38,641	488,207	1,497,253	4,206,443
1992	101,682	220,395	380,756	350,587	52,160	367,998	1,473,576	3,984,527
1993	106,683	204,334	353,768	351,415	55,045	640,919	1,712,164	4,456,886
1994	112,034	200,487	390,690	336,768	54,968	678,876	1,773,801	4,443,018
1995	117,527	201,835	404,431	380,394	64,862	638,541	1,785,580	4,304,641
1996	123,261	191,420	442,831	354,307	78,896	723,670	1,914,166	4,441,482
1997	129,259	195,880	478,826	391,745	81,146	648,652	1,925,508	4,300,033
1998	135,477	192,722	447,693	384,387	78,028	657,806	1,906,113	4,098,940
1999	141,897	190,165	607,049	407,859	107,060	710,674	2,164,703	4,478,099
2000	148,667	383,992	685,260	510,073	121,898	257,146	2,087,036	4,155,371
2001	155,717	231,130	595,727	510,185	135,581	445,872	2,074,212	3,974,820
2002	163,127	225,450	617,420	517,791	139,071	529,674	2,192,533	4,043,849
2003	170,744	213,868	961,287	506,894	144,812	277,984	2,275,599	4,039,495
2004	178,712	206,574	374,148	502,073	144,960	388,929	1,775,398	3,033,283
2005	187,084	200,581	367,640	521,475	138,853	400,828	1,814,461	2,983,663
2006	196,108	191,376	666,040	528,361	148,089	442,276	2,172,252	3,437,928
2007	205,998	183,285	707,653	580,783	95,550	710,515	2,483,784	3,763,423
2008	216,175	177,549	925,863	594,096	144,009	1,052,126	3,109,616	4,559,219
2009	226,411	173,072	517,546	648,264	154,087	1,154,433	2,874,813	4,056,482
2010	238,646	160,990	889,694	811,293	147,438	810,142	3,058,173	4,153,234
2011	251,751	154,104	642,842	893,038	159,239	551,068	2,652,042	3,466,484
2012	264,471	148,214	624,548	932,373	154,732	1,072,349	3,196,687	4,021,549
2013	277,541	135,890	1,030,792	986,811	168,130	512,788	3,111,962	3,768,010
2014	283,992	125,755	771,792	938,486	183,142	348,413	2,849,560	3,087,706
2015	292,536	117,899	1,383,482	1,274,483	175,577	131,952	3,375,939	3,786,529
2016	297,194	120,323	1,025,825	1,523,381	175,457	29,017	3,170,997	3,423,158
2017	288,693	114,888	786,871	1,467,071	161,746	21,152	2,840,521	2,951,301

EXHIBIT 9

Antelope Valley Watermaster Board
Meeting Minutes
Wednesday, April 24, 2019 – 10:00 a.m.
Location: Antelope Valley – East Kern Water Agency
6450 West Avenue N, Palmdale, CA 93551

- 1) Meeting was called to order at 10:00 a.m.
- 2) Pledge of Allegiance was led by Robert Parris
- 3) **Roll Call**
BOARD OF DIRECTORS
Dennis Atkinson, Landowners – Vice-Chairperson
Adam Ariki, Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers
Robert Parris, AVEK Water Agency – Chairperson

Phyllis Stanin, Todd Groundwater, Watermaster Engineer
Craig Parton, Price Postel & Parma LLP, General Counsel
- 4) **Adoption of Agenda**
A motion was made by Director Atkinson, seconded by Director Thibault and unanimously carried to adopt the agenda as amended with corrected minutes to be approved.
- 5) **Public comments for non-agenda items. – None**
- 6) **Special Presentations – None**
- 7) **Consent Agenda**
 - A. Payment of the bills through April 18, 2019
 - B. Treasurer’s Report month ending March 29, 2019
 - a. Aging Summary
 - b. Production Report- Update
 - C. Minutes of March 27, 2019
A motion was made by Director Atkinson, seconded by Director Ariki and unanimously carried to approve the consent agenda with the amendment made to the minutes.
- 8) **Advisory Committee Report**
Memo was reviewed and noted
- 9) **Action Items**
 - A. **Well Applications i.e., Small Pumper Qualifying and Monitoring Wells**
 - a. Consideration and possible action on Resolution No. R-19-07 Small Pumper Qualifying well applications.
A motion was made by Director Thibault, seconded by Director Ariki and unanimously carried to approve Resolution No. R-19-07
 - B. **Well Applications i.e., New Production and New Point of Extraction**
 - a. Consideration and possible action on Resolution No. R-19-08 New Production and New Point of Extraction Applications

A motion was made by Director Calandri, seconded by Director Thibault and unanimously carried to approve Resolution No. R-19-08 removing the New Point of Extraction applications submitted by Los Angeles County Water Works District 40 that will be brought back after further analyses.

- C. Transfers**
- a. Consideration and possible action on Resolution No. R-19-09 Transfer of Production Rights.
A motion was made by Director Ariki, seconded by Director Atkinson and unanimously carried to approve Resolution No. R-19-09.
- D. 2018 Replacement Water Assessment Rate – Within Boundaries of Palmdale Water District and Littlerock Creek Irrigation District**
- a. Consideration and possible action to approve Resolution No. R-19-10 setting the 2018 Replacement Water Assessment Rate within Palmdale Water District and Littlerock Creek Irrigation District boundaries.
A motion was made by Director Thibault, seconded by Director Calandri and unanimously carried to approve Resolution No. R-19-10.
- E. 2019 Replacement Water Assessment Rate**
- a. Consideration and possible action to approve Resolution No. R-19-11 setting the 2019 Replacement Water Assessment Rate.
A motion was made by Director Atkinson, seconded by Director Thibault and unanimously carried to approve Resolution No. R-19-11.
- F. Storage and Recovery Agreement and Report**
- a. Consideration and possible action to approve Resolution No. R-19-12 adopting the Storage and Recovery Agreement and Annual Water Storage and Recovery Report Form.
A motion was made by Director Thibault, seconded by Director Calandri and unanimously carried to approve Resolution No. R-19-12, Storage and Recovery “Template” Agreement and Report.
- G. Small Pumper Water Rights**
- a. Consideration and possible action to approve Resolution No. R-19-13 adopting memorandum regarding the Small Pumper Water Rights for the Rules and Regulations.
No action taken will be on the May agenda.
- H. Small Pumper Class Limits**
- a. Consideration and possible action to approve Resolution No. R-19-14 adopting memorandum regarding the Small Pumper Class Limits for the Rules and Regulations.
No action taken will be on the May agenda.
- I. Rules and Regulations Update**
Todd Groundwater will provide information to Mr. Parton by June for his comments and additions. The goal is to have the draft by August or September.
- 9) Administrator’s Report**
- a. Meter Compliance Letters – Update
- b. Contract between AV Watermaster and AV State Water Contractors for Replacement Water

10) Engineer's Report – Phyllis Stanin

- a. Meter Compliance Update
- b. SGMA Correspondence to DWR

11) Attorney's Report – Craig Parton


- c. Update on Appeals
- d. Memorandum Re: Watermaster Authority to Waive Assessments
Letters from Mr. Robert Brumfield
- e. Update on Known Producers Pumping Outside of the Judgment
- f. Update on WAGAS Land Company
- g. Update on Rosamond CSD/Desert Breeze
- h. Update on Joshua Memorial Park (SCI)

12) Board Members Request for Future Agenda Items

- Groundwater Model
- Contract between AV Watermaster and AV State Water Contractors Association regarding replacement water.
- Collecting delinquent assessments

13) Adjourned

APPROVED BY THE BOARD OF DIRECTORS:



Robert Parris, Chairman Date 5/29/19



Patricia Rose, Secretary

EXHIBIT 10

**Antelope Valley Watermaster Board
Meeting Agenda**

Wednesday, April 24, 2019 – 10:00 a.m.

**Location: Antelope Valley – East Kern Water Agency
6450 West Avenue N, Palmdale, CA 93551**

Website: <https://zoom.us/j/6670679173> Teleconference: (929) 436-2866 Access Code: 667 067 9173

- 1) **Call to Order and Pledge of Allegiance**
- 2) **Roll Call**

BOARD OF DIRECTORS

Robert Parris, AVEK - Chairperson
Dennis Atkinson, Landowners – Vice-Chairperson
Adam Arika, Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers

Phyllis Stanin, Todd Groundwater - Watermaster Engineer
Craig Parton, Price Postel & Parma LLP - General Counsel

Posted: April 19, 2019
By: Patricia Rose
Patricia Rose Secretary

- 3) **Adoption of Agenda** *(Note: At the discretion of the board, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.)*
- 4) **Public comments for non-agenda items.** (This portion of the agenda allows an individual the opportunity to address the Board on any item regarding Watermaster business that is NOT ON THE AGENDA. Without acting or entering a dialogue with the public, Board members may ask clarifying questions about topics posed by the public. Your matter may be referred to the administrator and/or advisory committee.)
- 5) **Special Presentations – None**
- 6) **Consent Agenda**
 - A. Payment of the bills through April 18, 2019
 - B. Treasurer’s Report month ending March 29, 2019
 - a. Aging Summary
 - b. Production Report- Update
 - C. Minutes of March 27, 2019
- 7) **Advisory Committee Report**
- 8) **Action Items**
 - A. **Well Applications i.e., Small Pumper Qualifying and Monitoring Wells**
 - a. Consideration and possible action on Resolution No. R-19-07 Small Pumper Qualifying well applications.
 - B. **Well Applications i.e., New Productions and New Points of Extraction**
 - a. Consideration and possible action on Resolution No. R-19-08 New Production Well and applications.

- C. Transfers**
 - a. Consideration and possible action on Resolution No. R-19-09 Transfer of Production Right.

- D. 2018 Replacement Water Assessment Rate – Within Boundaries of Palmdale Water District and Littlerock Creek Irrigation District**
 - a. Consideration and possible action to approve Resolution No. R-19-10 setting the 2018 Replacement Water Assessment Rate within Palmdale Water District and Littlerock Creek Irrigation District boundaries.

- E. 2019 Replacement Water Assessment Rate**
 - a. Consideration and possible action to approve Resolution No. R-19-11 setting the 2019 Replacement Water Assessment Rate.

- F. Storage and Recovery Agreement and Report**
 - a. Consideration and possible action to approve Resolution No. R-19-12 adopting the Storage and Recovery Agreement and Annual Water Storage and Recovery Report Form.

- G. Small Pumper Water Rights**
 - a. Consideration and possible action to approve Resolution No. R-19-13 adopting memorandum regarding the Small Pumper Water Rights for the Rules and Regulations.

- H. Small Pumper Class Limits**
 - a. Consideration and possible action to approve Resolution No. R-19-14 adopting memorandum regarding the Small Pumper Class Limits for the Rules and Regulations.

- I. Rules and Regulations Update**

- 9) Administrator’s Report**
 - a. Meter Compliance Letters - Update

- 10) Engineer’s Report – Phyllis Stanin**
 - a. Meter Compliance Update
 - b. SGMA Correspondence to DWR

- 11) Attorney’s Report – Craig Parton**
 - c. Update on Appeals
 - d. Memorandum Re: Watermaster Authority to Waive Assessments Letters from Mr. Robert Brumfield
 - e. Update on Known Producers Pumping Outside of the Judgment
 - f. Update on WAGAS Land Company
 - g. Update on Rosamond CSD/Desert Breeze
 - h. Update on Joshua Memorial Park (SCI)

- 12) Board Members Request for Future Agenda Items**

- 13) Adjournment – Next meeting May 22, 2019**

Regular Meeting
April 24, 2019

**Resolution No. R-19-10
2018 Replacement Water Assessment
PWD and LCID**

RESOLUTION NO. R-19-10

ADOPTING REPLACEMENT WATER ASSESSMENTS FOR YEAR 2018 FOR PALMDALE WATER DISTRICT AND LITTLEROCK IRRIGATION DISTRICT

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”), Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, is to administer the Judgment; and

WHEREAS, the Judgment provides that the Watermaster shall calculate, assess and collect Replacement Water Assessments pursuant to Section 9.2 of the Judgment; and

WHEREAS, the Watermaster has taken and considered public comment on the issue and has calculated that a Replacement Water Assessment of \$415 an acre foot for Producers within the service area of the Palmdale Water District, and a Replacement Water Assessment of \$415 an acre foot for Producers within the service area of the Littlerock Irrigation District, are consistent with the terms of the Judgment and are based on the actual cost of Replacement Water, including Watermaster spreading costs; and

WHEREAS, these Producers will also be responsible for applicable Administrative Assessments in addition to a Replacement Water Assessment.

NOW, THEREFORE, BE IT RESOLVED, that the Watermaster Board unanimously adopts a Replacement Water Assessment for Year 2018 in the amount of \$415 an acre foot for Producers within the service area of the Palmdale Water District, and a Replacement Water Assessment in the amount of \$415 an acre foot for Producers within the service area of the Littlerock Irrigation District.

I certify that this is a true copy of Resolution No. R-19-10 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held April 24, 2019, in Palmdale, California.

Date: _____

Robert Parris, Chairman

ATTEST: _____
Patricia Rose – Secretary

Regular Meeting
April 24, 2019

**Resolution No. R-19-11
2019 Replacement Water Assessment**

RESOLUTION NO. R-19-11

ADOPTING REPLACEMENT WATER ASSESSMENTS FOR YEAR 2019

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”), Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, is to administer the Judgment; and

WHEREAS, the Judgment provides that the Watermaster shall calculate, assess and collect Replacement Water Assessments pursuant to Section 9.2 of the Judgment; and

WHEREAS, the Watermaster has taken and considered public comment on the issue and has calculated that a Replacement Water Assessment of \$451 an acre foot for Producers within the Antelope Valley State Water Contractors Association (“AVSWCA”) boundaries, and a Replacement Water Assessment of \$948 an acre foot for Producers outside the AVSWCA boundaries which is reflective of the proportional share of State Water Project fixed costs applicable to those Producers outside the AVSWCA boundaries, are consistent with the terms of the Judgment and are based on the actual cost of Replacement Water, including Watermaster spreading costs; and

WHEREAS, these Producers will also be responsible for applicable Administrative Assessments in addition to a Replacement Water Assessment.

NOW, THEREFORE, BE IT RESOLVED, that the Watermaster Board unanimously adopts a Replacement Water Assessment for Year 2019 in the amount of \$451 an acre foot for Producers within the AVSWCA boundaries, and a Replacement Water Assessment in the amount of \$948 an acre foot for Producers outside the AVSWCA boundaries.

I certify that this is a true copy of Resolution No. R-19-11 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held April 24, 2019, in Palmdale, California.

Date: _____

Robert Parris, Chairman

ATTEST: _____
Patricia Rose – Secretary

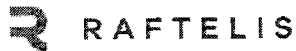
ANTELOPE VALLEY

STATE WATER CONTRACTORS ASSOCIATION

Financial Analysis Study for Replacement Water Assessment

Final Report / March 6, 2019





March 6, 2019

Mr. Matthew Knudson
General Manager
Antelope Valley State Water Contractors Association
2029 East Avenue Q
Palmdale, CA 93550

Subject: Financial Analysis Study for Replacement Water Assessment

Dear Mr. Knudson,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Financial Analysis Study for Replacement Water Assessment Report (Report) for the Antelope Valley State Water Contractors Association (AVSWCA). The primary objective of the study was to perform a financial analysis of the imported water costs associated with AVSWCA's groundwater basin recharge, and to develop Replacement Water Assessment fees to be assessed to property owners or agencies outside of AVSWCA's service area.

This Report summarizes the key findings and recommendations related to the financial analysis conducted as part of the study. It has been a pleasure working with you, and we thank you and other key staff from Antelope Valley-East Kern Water Agency, Littlerock Creek Irrigation District, and Palmdale Water District for the support provided during the course of this study.

Sincerely,
Raftelis Financial Consultants, Inc.

A handwritten signature in black ink, appearing to read 'Sudhir Pardiwala'.

Sudhir Pardiwala
Executive Vice President

A handwritten signature in black ink, appearing to read 'Charles Diamond'.

Charles Diamond
Consultant

445 S. Figueroa Street, Suite 2270
Los Angeles, CA 90071
www.raftelis.com

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Introduction

The Antelope Valley State Water Contractors Association (AVSWCA) is a joint powers authority created in 1999 to optimize the use of water resources and to protect surface water and groundwater storage within the Antelope Valley. AVSWCA's three member agencies include the Antelope Valley-East Kern Water Agency (AVEK), Littlerock Creek Irrigation District (LCID), and Palmdale Water District (PWD). Each of the member agencies has a contract with the California Department of Water Resources for entitlement to and delivery of imported water from the State Water Project (SWP).

The AVSWCA's service area lies within the adjudicated Antelope Valley Groundwater Basin. As part of the adjudication judgement, the Antelope Valley Watermaster is tasked with determining the amount of imported Replacement Water from the SWP to be used to recharge the groundwater basin in order to ensure that the basin's Total Safe Yield is not exceeded. Imported SWP water to be utilized as Replacement Water will be purchased from AVSWCA's member agencies or other entities. AVSWCA is therefore interested in determining the per acre-foot (AF) cost for Replacement Water Assessments to be charged to groundwater producers within and surrounding its service area who do not have any entitlement in the SWP or rights in the Groundwater Basin.

Property owners subject to the proposed Replacement Water Assessments that reside within the service areas of AVSWCA's three member agencies contribute to the recovery of SWP capital costs through property taxes. However, property owners outside of the three member agencies' service areas (herein referred to as "Outside Users") do not own any entitlement rights and do not contribute to SWP costs. Therefore, it is appropriate for Replacement Water Assessments to be charged to Outside Users who are not SWP members or own rights in the Groundwater Basin. Although AVSWCA has preliminarily set the Replacement Water Assessment fee for groundwater users within its member agencies' service areas at \$415 per acre-foot for 2018, Replacement Water Assessment fees for Outside Users have to be developed.

The AVSWCA engaged Raftelis Financial Consultants, Inc. (Raftelis) in 2018 to conduct a Financial Analysis Study for Replacement Water Assessment (Study). The primary objective of the Study was to conduct financial analyses necessary to develop the proposed Replacement Water Assessments for Outside Users related to AVSWCA's groundwater recharge activities. This Financial Analysis Study for Replacement Water Assessment Report (Report) details the analysis performed by Raftelis as well as all results and recommendations.

Methodology & Assumptions

METHODOLOGY

Based on discussions with staff from each of AVSWCA's member agencies, Raftelis recommends establishing Replacement Water Assessment fees for Outside Users based on fixed cost payments made by each member agency to the California Department of Water Resources for the importation of SWP water as well as the variable cost associated with delivering Replacement Water. The member agencies and the property owners within their service areas continue to fund the fixed costs associated with importing SWP water. Therefore, if any SWP water entitlement of the three member agencies is utilized as Replacement Water by Outside Users, it is reasonable and equitable for the Outside Users to pay a Replacement Water Assessment based in part on the investments of the SWP members. AVSWCA's member agencies have been paying the capital costs of the SWP since the 1960s. The present value of those investments in the SWP should be accounted for in determining a fair price for the Replacement Water.

The primary steps required to calculate the proposed Replacement Water Assessment to charge to Outside Users are outlined below:

1. Calculate the unit rate designed to recover SWP fixed costs:
 - a) Determine the present value of SWP fixed costs through 2017 (delivery data, used in the analysis, was available through 2017) for all three member agencies as defined in Tables A, C, D, E, F, and G of each member agencies' water supply contract with the California Department of Water Resources. The SWP fixed costs included are the Capital Cost Component of the Transportation Charge, the Minimum OMP&R Component of the Transportation Charge, Delta Water Charges, Water System Revenue Bond Surcharge and Off-Aqueduct Power Facilities costs. The capital costs in each year is then converted to 2018 dollars using an average cost escalation factor of 3.9 percent which is equal to the average annual increase in the Consumer Price Index (CPI) between 1962 and 2017 as shown below in Table 1.

Table 1: Annual Cost Escalation

Key Assumption	Value	Notes
Annual Cost Escalation	3.90%	Average CPI from 1962 to 2017

- b) Calculate the fixed payment per acre-foot by dividing the result from Step 1a by total SWP deliveries received through 2017 across all three member agencies. This number represents the value of the SWP delivered water in dollars per acre-foot. This would represent the approximate value of purchasing SWP water entitlement and the corresponding deliveries.
2. Calculate the unit rate designed to recover variable water costs:
 - a) Take the existing Untreated Water Availability Charge rate in dollars per acre-foot for agricultural water delivered under terms of water service agreements through AVEK-owned facilities and adjust to account for 10% water loss due to leakage.
3. Add the SWP fixed cost unit rate from Step 1 and the variable cost unit rate from Step 2 to determine the Replacement Water Assessment for Outside Users to be charged by AVSWCA.

The following key inputs were utilized to calculate the proposed Water Replacement Assessment fees presented in this Report. Firstly, total SWP deliveries through 2017 to each member agency are shown below in **Table 2**. AVEK and LCID first began receiving SWP water in 1972, while PWD began receiving SWP water in 1985. Information on SWP deliveries was provided to Raftelis by member agency staff.

Table 2: Total SWP Deliveries through 2017 in Acre-Feet

Member Agency	SWP Deliveries
AVEK	2,242,419 AF
LCID	13,310 AF
PWD	338,659 AF
Total	2,594,388 AF

Analysis & Results

This section outlines the calculation of the proposed Replacement Water Assessment for AVSWCA. Table 3 below shows the determination of the present value of total annual SWP fixed cost payments for each member agency through 2017. As stated previously, SWP fixed costs included in this analysis are the Capital Cost Component of the Transportation Charge, the Minimum OMP&R Component of the Transportation Charge, Delta Water Charges, Water System Revenue Bond Surcharges, and Off-Aqueduct Power Facilities costs. Each of these annual costs in nominal USD are contained in Tables A, C, D, E, F, and G of each member agency's Water Supply Contract with the California Department of Water Resources. Raftelis then converted these costs into 2018 USD assuming annual cost escalation of 3.90% (as shown previously in **Table 1**). Table 3 below shows a summary of total SWP fixed cost payments through 2017 for each member agency in both nominal and 2018 USD. Please refer to Appendices A, B, and C for detailed SWP fixed costs by year and category for AVEK, LCID, and PWD respectively.

Table 3: Present Value of SWP Fixed Costs

Member Agency	Total SWP Fixed Cost Payments (Nominal)	Present Value of Total SWP Fixed Cost Payments (2018 USD)
AVEK	\$518,309,936	\$1,110,446,654
LCID	\$8,009,081	\$17,901,835
PWD	\$77,201,475	\$160,873,533
Total	\$602,520,492	\$1,289,222,022

Table 4 below shows the development of SWP fixed cost payments per acre-foot of delivery for AVSWCA's member agencies. The present value of total SWP fixed cost payments (from Table 3) is simply divided by the SWP entitlements in acre-feet (from Table 2) to arrive at unit cost per acre-foot. This result represents the unit rate to recover SWP fixed costs as described previously in Step 1b on page 2. The SWP fixed cost unit rate constitutes the first of two rate components used to determine the proposed Replacement Water Assessment.

Table 4: Calculation of Unit Rate to Recover SWP Fixed Costs

Line	Description	Amount	Notes/Source
1	Present Value of Total SWP Fixed Cost Payments	\$1,289,222,022	Table 3
2	Total SWP Deliveries	2,594,388 AF	Table 2
3	SWP Fixed Cost Unit Rate	\$496.93 / AF	= [Line 1] / [Line 2]

The second of the two rate components used to determine the proposed Replacement Water Assessment is the variable cost unit rate. This unit rate is designed to recover the variable cost of Replacement Water and is determined by taking the 2019 Untreated Water Availability Charge rate of \$406 per AF for agricultural water delivered under terms of water service agreements through AVEK-owned facilities and adjusting to account for an assumed 10% of water loss due to the recharge process. This calculation is shown in Equation 1 below.

$$\text{Equation 1: Variable Cost Unit Rate} = \frac{\$406/\text{AF}}{100\% - 10\%} = \$451.11/\text{AF}$$

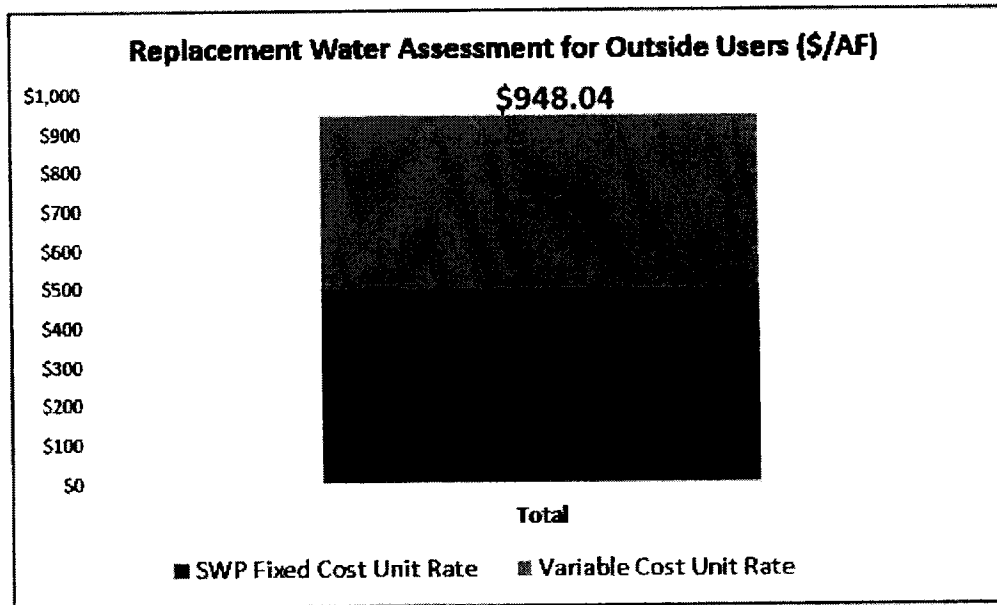
The proposed Replacement Water Assessment for Outside Users is determined by simply adding the SWP fixed cost unit rate (from Line 3 in Table 4) to the variable cost unit rate shown in Equation 1. The proposed Replacement Water Assessments for Outside is shown below in Table 5.

Table 5: Proposed Replacement Water Assessment for Outside Users

Line	Description	Amount	Notes/Source
1	SWP Fixed Cost Unit Rate	\$496.93 / AF	Table 4
2	Variable Cost Unit Rate	\$451.11 / AF	Equation 1
3	Proposed Replacement Water Assessment	\$948.04 / AF	= [Line 1] + [Line 2]

Figure 1 shows the proposed Replacement Water Assessment per acre-foot, as determined above in Table 5. The proposed Replacement Water Assessment of \$948.04 per acre-foot is split relatively evenly between the SWP fixed cost unit rate (52.4%) and variable cost unit rate (47.6%).

Figure 1: Proposed Replacement Water Assessment for Outside Users



APPENDIX A: SWP FIXED COSTS - AVEK

**Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
ANTELOPE VALLEY-EAST KERN WATER AGENCY**

(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFFELIS CALCULATED Total Fixed Payments (Nominal)	RAFFELIS CALCULATED Total Fixed Payments in 2015 \$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1960	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-
1963	3,658	46,476	-	-	-	50,132	411,121	
1964	7,020	75,472	-	-	-	82,492	651,106	
1965	13,398	47,551	-	-	-	60,949	463,010	
1966	24,589	178,207	-	-	-	202,796	1,482,750	
1967	47,671	250,066	-	-	-	297,737	2,095,201	
1968	77,671	591,387	114,164	-	-	783,222	5,304,717	
1969	114,658	867,559	88,040	-	-	1,070,257	6,976,698	
1970	152,774	1,166,566	135,082	-	-	1,454,422	9,125,081	
1971	188,395	1,053,317	186,373	-	-	1,428,085	8,623,524	
1972	211,795	1,408,105	377,265	160,756	-	2,155,921	12,529,912	
1973	227,084	1,734,633	461,155	222,207	-	2,645,079	14,795,794	
1974	239,569	1,690,415	164,921	279,090	-	2,373,995	12,780,972	
1975	253,219	1,507,558	574,928	319,822	-	2,655,527	13,760,026	
1976	266,367	1,481,561	405,268	431,018	-	2,584,214	12,887,880	
1977	280,012	1,476,986	638,668	469,922	-	2,865,586	13,754,693	
1978	294,057	1,496,166	693,608	600,180	-	3,084,011	14,247,472	
1979	309,317	1,480,783	712,340	720,173	-	3,222,613	14,328,955	
1980	325,592	1,477,558	1,000,550	857,818	-	3,661,518	15,669,386	
1981	351,120	2,268,109	733,695	1,355,100	-	4,708,024	19,391,613	
1982	366,401	938,765	1,436,719	1,551,434	-	4,293,319	17,019,738	
1983	392,086	1,617,658	2,407,048	1,110,994	-	1,083,881	6,611,667	
1984	421,808	2,825,413	2,004,478	450,405	-	2,499,848	8,001,952	
1985	449,800	1,790,324	1,944,232	565,881	-	3,749,257	8,499,494	
1986	475,597	1,745,690	2,206,227	635,066	-	3,159,857	8,222,437	
1987	502,492	1,782,829	2,533,025	652,450	-	3,167,759	8,638,555	
1988	527,761	1,813,260	2,193,438	711,641	64,266	2,688,113	7,998,479	
1989	553,780	1,824,686	3,193,094	2,083,593	205,668	2,357,669	10,218,490	
1990	586,519	1,815,427	1,719,784	2,207,667	185,010	2,528,625	9,043,032	

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
ANTELOPE VALLEY-EAST KERN WATER AGENCY

(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFTELIS CALCULATED: Total Fixed Payments (Nominal)	RAFTELIS CALCULATED: Total Fixed Payments in 2010 \$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1991	618,478	1,785,880	2,644,074	2,454,678	296,854	1,048,414	8,848,376	24,858,983
1992	653,283	1,773,406	2,998,849	2,804,695	402,015	2,760,199	11,392,447	30,805,003
1993	688,496	1,666,698	2,667,894	2,811,318	424,871	3,559,487	11,818,764	30,758,188
1994	725,604	1,639,187	2,922,011	2,694,116	424,023	3,963,982	12,368,923	30,981,685
1995	763,215	1,652,147	3,088,320	2,883,166	500,084	4,324,009	13,210,931	31,848,649
1996	802,713	1,565,704	3,333,727	2,834,480	608,388	3,572,856	12,715,848	29,504,440
1997	842,729	1,624,187	3,322,103	3,133,957	626,151	3,411,379	12,960,506	28,943,327
1998	886,136	1,605,665	3,270,632	3,155,093	602,091	3,977,988	13,497,605	29,011,332
1999	929,559	1,593,859	4,090,299	3,262,870	826,108	3,896,973	14,399,668	29,788,448
2000	975,533	1,528,659	4,232,460	3,314,278	940,325	2,372,130	13,363,385	26,607,026
2001	1,022,242	1,512,697	4,040,411	3,315,004	925,355	2,680,895	13,496,604	25,863,590
2002	1,078,342	1,658,005	3,949,101	3,437,351	974,814	1,868,457	12,766,070	23,545,395
2003	1,130,557	1,579,003	5,598,522	3,365,016	1,015,056	1,445,146	14,133,300	25,088,821
2004	1,183,761	1,530,822	2,549,377	3,333,008	1,016,092	1,813,317	11,426,377	19,522,086
2005	1,239,565	1,489,361	2,664,386	3,461,814	959,268	2,047,838	11,862,032	19,505,685
2006	1,300,414	1,427,276	4,438,843	3,507,524	1,038,026	2,845,985	14,556,068	23,037,251
2007	1,366,303	1,373,827	4,762,823	3,855,524	666,215	2,990,954	15,015,646	22,872,574
2008	1,434,161	1,334,202	5,654,630	3,943,904	999,433	3,547,772	16,914,102	24,797,301
2009	1,503,269	1,373,641	3,728,039	4,310,140	1,080,062	3,357,450	15,350,601	21,660,342
2010	1,585,038	1,297,433	5,686,181	5,385,764	1,033,467	4,321,133	19,309,016	26,223,130
2011	1,672,991	1,250,140	4,229,644	5,928,431	1,116,181	4,952,954	19,150,341	25,031,412
2012	1,758,667	1,210,162	4,248,790	6,189,558	1,090,934	5,401,397	19,899,508	25,034,310
2013	1,812,060	1,128,915	6,343,556	6,550,942	1,186,869	2,563,236	19,585,578	23,714,509
2014	1,899,283	1,533,728	5,209,033	6,368,143	1,345,233	1,148,978	17,504,398	20,399,023
2015	1,954,611	1,479,091	9,320,182	8,686,793	1,288,246	530,003	23,238,926	26,065,298
2016	1,978,002	1,495,875	7,174,136	10,359,280	1,287,598	153,406	22,448,297	24,233,408
2017	1,906,927	1,461,139	5,510,860	9,976,357	1,186,800	120,731	20,162,614	20,948,956

APPENDIX B: SWP FIXED COSTS – LCID

Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
Littlerock Creek Irrigation District
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFFELIS CALCULATED: Total Fixed Payments (Nominal)	RAFFELIS CALCULATED: Total Fixed Payments in 2010 \$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1960	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-
1963	-	-	-	-	-	-	-	-
1964	121	1,249	-	-	-	-	1,370	10,813
1965	227	1,459	-	-	-	-	1,686	12,808
1966	415	3,633	-	-	-	-	4,048	29,597
1967	809	4,875	-	-	-	-	5,684	39,999
1968	1,324	10,347	1,910	-	-	-	13,581	91,983
1969	1,966	15,024	1,474	-	-	-	18,464	120,362
1970	2,713	21,477	2,255	-	-	-	26,445	165,917
1971	3,413	20,231	3,119	-	-	-	26,763	161,609
1972	3,832	27,037	7,548	1,367	-	-	39,784	231,219
1973	4,113	31,568	9,581	2,577	-	-	47,839	267,597
1974	4,336	32,674	2,049	3,721	-	-	42,780	230,316
1975	4,580	28,656	10,631	4,752	-	-	48,619	251,927
1976	4,818	27,596	6,508	6,269	-	-	45,191	225,375
1977	5,063	28,048	11,038	6,861	-	-	51,010	244,846
1978	5,317	28,623	12,422	9,687	-	-	56,049	258,934
1979	5,590	28,167	12,223	11,889	-	-	57,869	257,307
1980	5,880	28,087	17,113	14,256	-	-	65,336	279,604
1981	6,327	42,699	13,032	22,946	-	-	85,004	350,118
1982	6,605	17,926	26,245	26,335	-	-	77,111	305,686
1983	7,051	30,737	41,811	19,002	-	1,250	99,851	380,975
1984	7,564	48,791	34,781	20,719	-	77	111,932	411,039
1985	8,060	33,467	35,571	24,474	-	-	101,572	358,994
1986	8,503	32,529	38,788	27,822	-	15,873	123,515	420,162
1987	8,946	33,733	44,658	29,064	-	95,994	212,395	695,387
1988	9,392	33,704	39,276	32,024	2,154	30,395	146,945	463,043
1989	9,846	34,245	56,576	36,301	3,763	50,948	191,679	581,334
1990	10,411	33,951	31,445	38,438	3,385	110,678	228,308	666,433

**Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
Littlerock Creek Irrigation District**
(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFFELIS CALCULATED: Total Fixed Payments (Nominal)	RAFFELIS CALCULATED: Total Fixed Payments in 2016 \$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1991	10,942	33,591	46,035	40,793	5,236	65,111	201,708	566,687
1992	11,535	32,403	51,225	48,610	7,053	22,891	171,717	464,320
1993	12,141	30,180	48,657	46,720	7,437	60,615	205,750	535,462
1994	12,784	29,831	53,958	44,772	7,431	88,549	237,325	594,452
1995	13,436	30,107	51,919	47,914	8,769	43,892	196,037	472,602
1996	14,123	28,753	59,930	47,104	10,640	31,691	192,241	446,055
1997	14,821	29,517	64,464	52,082	10,972	24,319	196,175	438,097
1998	15,579	29,173	58,055	52,433	10,550	30,365	196,155	421,609
1999	16,340	28,928	81,350	54,224	14,475	18,305	213,622	441,918
2000	17,148	27,846	79,374	55,078	16,486	-	195,932	390,108
2001	17,970	27,200	67,726	55,090	16,224	-	184,210	353,002
2002	18,837	26,960	69,688	55,912	16,724	-	188,122	346,967
2003	19,745	25,148	114,340	54,735	17,415	-	231,383	410,738
2004	20,674	24,263	41,999	54,215	17,432	-	158,583	270,941
2005	21,648	23,526	37,282	56,310	16,457	-	155,223	255,246
2006	22,711	22,435	75,875	57,053	17,809	-	195,883	310,015
2007	23,854	21,500	81,033	62,714	11,413	-	200,514	305,433
2008	25,037	20,813	106,363	64,151	17,175	1,845	235,384	345,090
2009	26,245	20,274	57,372	70,109	18,529	3,269	195,798	276,279
2010	27,659	18,849	107,466	87,605	17,731	177	259,487	352,403
2011	29,173	18,001	68,537	96,432	19,149	407	231,699	302,854
2012	30,653	17,291	72,780	100,679	18,453	495	240,351	302,370
2013	32,195	15,825	116,188	106,557	20,052	3,270	294,097	356,097
2014	32,939	14,645	89,881	101,120	21,838	3,804	264,227	307,921
2015	33,975	13,707	161,605	137,621	20,924	2,214	370,046	415,052
2016	34,483	13,912	114,771	164,497	20,895	746	349,304	377,081
2017	33,301	13,387	92,259	158,416	19,257	658	317,278	329,852

APPENDIX C: SWP FIXED COSTS – PWD

**Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
PALMDALE WATER DISTRICT**

(in dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFTELIS CALCULATED Total Fixed Payments (Nominal)	RAFTELIS CALCULATED Total Fixed Payments in 2010 \$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1960	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-
1963	-	-	-	-	-	-	-	-
1964	946	8,222	-	-	-	9,168	72,363	
1965	1,796	10,440	-	-	-	12,236	92,953	
1966	3,323	24,593	-	-	-	27,916	204,109	
1967	6,497	34,366	-	-	-	40,863	287,556	
1968	10,751	73,446	14,340	-	-	98,537	667,385	
1969	16,145	110,471	11,056	-	-	137,672	897,444	
1970	22,300	153,990	16,970	-	-	193,260	1,212,518	
1971	27,937	147,486	23,402	-	-	198,825	1,200,609	
1972	31,440	193,968	52,963	13,021	-	291,392	1,893,530	
1973	33,743	220,289	67,837	26,131	-	348,000	1,946,610	
1974	35,597	233,427	16,970	39,631	-	325,625	1,753,080	
1975	37,618	202,360	77,908	50,989	-	368,875	1,911,383	
1976	39,567	199,484	49,562	67,591	-	356,204	1,776,445	
1977	41,584	197,159	80,370	77,255	-	396,368	1,902,550	
1978	43,662	201,374	90,048	98,345	-	433,429	2,002,349	
1979	45,910	198,167	90,841	117,285	-	452,203	2,010,665	
1980	48,293	197,299	126,792	138,590	-	510,974	2,186,702	
1981	52,024	303,742	94,787	211,396	-	661,949	2,726,464	
1982	54,285	122,914	188,716	235,100	-	601,015	2,382,566	
1983	59,032	214,456	310,207	163,925	-	747,620	2,852,496	
1984	63,894	346,012	258,244	174,500	-	842,650	3,094,396	
1985	68,768	233,039	259,837	200,605	157,601	919,850	3,251,098	
1986	73,550	225,068	284,701	223,785	301,486	1,108,590	3,771,104	
1987	78,491	229,358	328,728	228,654	258,719	1,123,950	3,679,840	
1988	83,316	229,980	270,456	248,146	16,240	126,639	974,777	3,071,650
1989	87,966	231,677	424,450	276,155	27,981	493,424	1,541,653	4,675,602
1990	93,341	228,640	227,818	289,119	24,956	545,342	1,409,216	4,113,513

**Tables A, C, D, E, F, and G
of the
Water Supply Contract
between
The State of California
Department of Water Resources
PALMDALE WATER DISTRICT**

(In dollars except where otherwise noted)

Calendar Year	Transportation Charge			Delta Water Charges	Water System Revenue Bond Surcharge	Off-Aqueduct Power Facilities	RAFTELIS CALCULATED: Total Fixed Payments (Nominal)	RAFTELIS CALCULATED: Total Fixed Payments In 2016 \$
	Capital Costs (Table D)		Minimum OMP&R Component (Table E & G)					
	Annual Payment of Principal	Annual Interest Payment						
1991	97,336	226,182	340,042	306,835	38,641	488,207	1,497,253	4,206,443
1992	101,682	220,395	380,756	350,587	52,160	367,996	1,473,576	3,984,527
1993	106,683	204,334	353,768	351,415	55,045	640,919	1,712,164	4,455,886
1994	112,034	200,467	390,690	336,766	54,968	678,876	1,773,801	4,443,018
1995	117,527	201,835	404,431	360,394	64,852	636,541	1,785,580	4,304,641
1996	123,261	191,420	442,831	354,307	78,698	723,670	1,914,185	4,441,462
1997	129,259	195,880	478,826	391,745	81,146	648,652	1,925,508	4,300,033
1998	135,477	192,722	447,693	394,387	78,028	657,806	1,906,113	4,086,940
1999	141,897	190,165	607,048	407,859	107,060	710,674	2,164,703	4,478,099
2000	148,667	363,992	685,260	510,073	121,898	257,146	2,087,036	4,155,371
2001	155,717	231,130	595,727	510,185	135,581	445,872	2,074,212	3,974,820
2002	163,127	225,450	617,420	517,791	139,071	529,674	2,192,533	4,043,849
2003	170,744	213,868	961,287	506,894	144,812	277,984	2,275,589	4,039,495
2004	178,712	206,574	374,148	502,073	144,960	368,929	1,775,396	3,033,283
2005	187,084	200,581	367,640	521,475	136,853	400,828	1,814,461	2,983,663
2006	196,108	191,376	666,040	528,361	148,089	442,278	2,172,252	3,437,928
2007	205,998	183,285	707,653	580,783	95,550	710,515	2,483,784	3,783,423
2008	216,175	177,549	925,863	594,096	144,009	1,052,126	3,109,818	4,559,219
2009	226,411	173,072	517,546	649,264	154,087	1,154,433	2,874,813	4,056,482
2010	238,646	160,990	889,664	811,293	147,438	810,142	3,058,173	4,153,234
2011	251,751	154,104	642,842	893,038	159,239	551,068	2,652,042	3,466,484
2012	264,471	148,214	624,548	932,373	154,732	1,072,349	3,196,687	4,021,549
2013	277,541	135,890	1,030,792	986,811	168,130	512,798	3,111,962	3,768,010
2014	283,992	125,755	771,792	936,466	183,142	348,413	2,649,560	3,087,706
2015	292,536	117,899	1,383,482	1,274,493	175,577	131,952	3,375,939	3,786,529
2016	297,194	120,323	1,025,625	1,523,381	175,457	29,017	3,170,997	3,423,158
2017	288,693	114,988	786,871	1,467,071	161,746	21,152	2,840,521	2,951,301

EXHIBIT 11

Antelope Valley Watermaster Board
Meeting Minutes
Wednesday, August 28, 2019 – 10:00 a.m.
Location: Antelope Valley – East Kern Water Agency
6450 West Avenue N, Palmdale, CA 93551

1) Meeting was called to order at 10:00 a.m.

2) **Roll Call**

BOARD OF DIRECTORS

Robert Parris, AVEK Water Agency – Chairperson

Dennis Atkinson, Landowners – Vice-Chairperson

Adam Ariki, Los Angeles County Waterworks District 40

John Calandri, Landowners

Leo Thibault, Public Water Suppliers

Present – Derek Yurosek, Landowner Alternate

Kate White, Todd Groundwater, Watermaster Engineer

Craig Parton, Price Postel & Parma LLP, General Counsel

3) **Adoption of Agenda**

A motion was made by Director Atkinson, seconded by Director Calandri and unanimously carried to adopt the agenda.

4) **Special Presentations - None**

5) **Public comments for non-agenda items - None**

6) **Consent Agenda**

A. Payment of the bills through August 22, 2019

B. Treasurer's Report month ending July 31, 2019

C. Minutes of July 24, 2019 meeting

A motion was made by Director Thibault, seconded by Director Ariki and unanimously carried to approve the consent agenda.

7) **Advisory Committee Report**

Memo was reviewed and noted

8) **Action Items**

A. Well Applications i.e., New Point of Extraction and Use of Production Right at New Point of Extraction.

Director Calandri recused himself for this item and Landowner Alternate Derek Yurosek took his place.

a. Consideration and possible action on Resolution No. R-19-24 New Point of Extraction and Use of Production Right at New Point of Extraction applications.

A motion was made by Director Atkinson, seconded by Director Ariki to approve Resolution No. R-19-24.

Director Calandri rejoined the Board

B. Well Applications i.e. Small Pumper Qualifying and Monitoring Wells

a. Consideration and possible action to adopt Resolution No. R-19-25 Small Pumper Qualifying well applications.

A motion was made by Director Thibault, seconded by Director Atkinson and unanimously carried to approve Resolution No. R-19-25.

C. Transfers

- a. Consideration and possible action on Resolution No. R-19-26 Transfer of Production Right.
A motion was made by Director Atkinson, seconded by Thibault and unanimously carried to approve Resolution No. R-19-26 as amended showing the permanent transfer of 283 AF 2019 Carryover Water from Copa De Oro to WDS CA II.

D. 2016 and 2017 Replacement Water Assessment Rate – Within and Outside the AVE State Water Contractors Associations Boundaries; and for 2018 Outside the AV State Water Contractors Associations Boundaries.

- a. Consideration and possible action to approve Resolution No. R-19-27 setting 2016 and 2017 Replacement Water Assessment Rate – Within and Outside the AV State Water Contractors Associations Boundaries; and for 2018 Outside the AV State Water Contractors Association Boundaries.

A motion was made by Director Calandri, seconded by Director Ariki to approve Resolution No. R-19-27 setting the Replacement Water Assessment Rates as presented.

E. Water Available for Transfer Bulletin Board

A motion was made by Director Thibault, seconded by Director Atkinson and unanimous carried to approve the transfer bulletin forms and table to be posted on the AV Watermaster website.

F. Rules and Regulations Update

No update

9) Administrator's Report

- a. Outstanding Production Reports
- b. Draft 2020-2021 Administrative and Engineering Scope of Work
- c. Replacement Water Agreement – AVSWCA
- d. Engineer's Budget

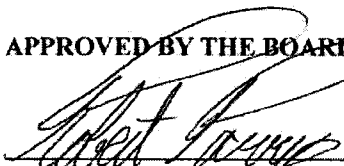
10) Engineer's Report – Kate White

11) Attorney's Report – Craig Parton

- a. Meter Compliance
- b. Derrick Update
- c. SCI Joshua Memorial Update
- d. Update on Appeals
- e. Discussion on voting and conflict of interest

13) Adjourned – Meeting was adjourned at 11:02 a.m.

APPROVED BY THE BOARD OF DIRECTORS:


Robert Parris - Chairman

Date

9/23/19


Patricia Rose, Secretary

EXHIBIT 12

**Antelope Valley Watermaster Board
Meeting Agenda**

Wednesday, August 28, 2019 – 10:00 a.m.

**Location: Antelope Valley – East Kern Water Agency
6450 West Avenue N, Palmdale, CA 93551**

Website: <https://zoom.us/j/687127281> Teleconference: (669) 900-6833 Access Code: 687 127 281

*****Please note that the meeting teleconference number and access code has changed*****

1) Call to Order and Pledge of Allegiance

2) Roll Call

BOARD OF DIRECTORS

Robert Parris, AVEK – Chairperson
Dennis Atkinson, Landowners – Vice-Chairperson
Adam Ariki, Los Angeles County Waterworks District 40
John Calandri, Landowners
Leo Thibault, Public Water Suppliers

Phyllis Stanin, Todd Groundwater – Watermaster Engineer
Craig Parton, Price, Postel & Parma LLP – General Counsel

Posted August 21, 2019
By: Patricia Rose
Patricia Rose Secretary

3) Adoption of the Agenda (Note: At the discretion of the board, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.)

4) Public comments for non-agenda items (This portion of the agenda allows an individual the opportunity to address the Board on any item regarding Watermaster business that is NOT ON THE AGENDA. Without acting or entering a dialogue with the public, Board members may ask clarifying questions about topics posed by the public. Your matter may be referred to the administrator and/or advisory committee.)

5) Special Presentations – None

6) Consent Agenda (Staff Report: Administrator)

- A. Payment of the bills through August 22, 2019
- B. Treasurer’s Report for the month ending July 31, 2019
- C. Minutes of July 24, 2019 Watermaster Meeting

7) Advisory Committee Report (Advisory Committee Chair LaMoreaux)

8) Action Items

A. Well Applications i.e., New Point of Extraction and Use of Production Right at New Point of Extraction (Staff Report: Administrator)

- a. Consideration and possible action on Resolution No. R-19-24.

B. Well Applications i.e., Small Pumper Qualifying and Monitoring Wells (Staff Report: Administrator)

- a. Consideration and possible action on Resolution No. R-19-25 Small Pumper Qualifying well applications.

C. Transfers (Staff Report: Engineer)

- a. Consideration and possible action on Resolution No. R-19-26 Transfer of Production Right.

D. 2016 and 2017 Replacement Water Assessment Rate – Within and Outside the AV State Water Contractors Associations Boundaries; and for 2018 Outside the AV State Water Contractors Associations Boundaries.

- a. Consideration and possible action to approve Resolution No. R-19-27 setting 2016 and 2017 Replacement Water Assessment Rate – Within and Outside the AV State Water Contractors Associations Boundaries; and for 2018 Outside the AV State Water Contractors Associations Boundaries

E. Water Available for Transfer Bulletin Board *(Staff Report: Administrator)*

F. Rules and Regulations Update *(Staff Report: Engineer)*

9) Administrator’s Report

- a. Outstanding Production Reports
- b. Draft 2020-2021 Administrative and Engineer Scope of Work
- c. Replacement Water Agreement – AVSWCA
- d. Engineer’s Budget

10) Watermaster Engineer’s Report

11) General Counsel’s Report

- a. Meter Compliance
- b. Derrick Update
- c. SCI Joshua Memorial Update
- d. Update on Known Producers Pumping Outside of the Judgment
- e. Update on Appeals
- f. Discussion on voting and conflict of interest

12) Board Members Request for Future Agenda Items

13) Adjournment – Next meeting September 25, 2019

Regular Meeting
August 28, 2019

**Resolution No. R-19-27
Replacement Water Assessments
2016, 2017 and 2018**

**A N T E L O P E V A L L E Y
W A T E R M A S T E R B O A R D
M E M O R A N D U M**

DATE: August 21, 2019

TO: ANTELOPE VALLEY WATERMASTER BOARD

FROM: Mr. Matthew Knudson, Administrator
Mr. Peter Thompson, Jr., Assistant Administrator

RE: *SETTING REPLACEMENT WATER ASSESSMENT RATES FOR 2016 AND 2017 PRODUCTION WITHIN AND OUTSIDE OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION BOUNDARIES; AND 2018 PRODUCTION OUTSIDE THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION BOUNDARIES*

Recommendation:

Antelope Valley Watermaster Administrative staff recommends the Board Approve Resolution No. R-19-x, which sets the following Replacement Water Assessment Rates for producers inside and outside of the Antelope Valley State Water Contractors Association (AVSWCA) boundaries:

<u>Calendar Year</u>	<u>Inside AVSWCA Boundaries</u>	<u>Outside AVSWCA Boundaries</u>
2016	\$415/Ac-Ft	\$888/Ac-Ft.
2017	\$415/Ac-Ft.	\$896/Ac-Ft.
2018	Previously Approved	\$914/Ac-Ft.

The Antelope Valley Watermaster Board previously approved Resolution No.'s R-18-08, R-19-10, and R-19-11 which set the following Replacement Water Assessment Rates:

<u>Calendar Year</u>	<u>Inside AVSWCA Boundaries</u>	<u>Outside AVSWCA Boundaries</u>
2018	\$415/Ac-Ft.	See above
2019	\$451/Ac-Ft.	\$948/Ac-Ft.

Background:

The Antelope Valley Watermaster is compelled by the court to require groundwater pumpers to replace water in the Antelope Valley Groundwater Basin when they have pumped over their adjudicated right. The AVSWCA member agencies will be a primary source for providing this replacement water due to their collective ability to import water and recharge the basin. To this end, AVSWCA contracted with Raftelis to determine a rate structure that included replacement costs for pumpers both inside and outside of the AVSWCA collective service area. This is important as those pumpers within our service area have helped pay the fixed costs of the State Water Project (SWP) through their property taxes while those outside have not. The cost for

replacement water to be charged to pumpers is based on cost to deliver raw water plus an additional 10% to capture the loss of water expected when recharging the replacement water. Pumpers outside of our service areas will pay this rate plus a charge to cover their proportional share of SWP fixed costs.

Raftelis has provided the AVSWCA with the financial model that allows staff to update it on an annual basis to account for changes in the average consumer price index and the annual fixed costs and deliveries as updated in the Department of Water Resources' annual Bulletin 132.

RESOLUTION NO. R-19-27

ADOPTING REPLACEMENT WATER ASSESSMENTS FOR YEARS 2016, 2017 and 2018 FOR ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”), Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, is to administer the Judgment; and

WHEREAS, the Judgment provides that the Watermaster shall calculate, assess and collect Replacement Water Assessments pursuant to Section 9.2 of the Judgment; and

WHEREAS, the Watermaster has taken and considered public comment on the issue and has calculated that a Replacement Water Assessment of \$415 an acre foot for Producers within the Antelope Valley State Water Contractors Association (“AVSWCA”) boundaries in Years 2016 and 2017, and a Replacement Water Assessment of \$888 an acre foot for Producers outside the AVSWCA boundaries for Year 2016, \$896 an acre foot for Year 2017, and \$914 an acre foot for Year 2018, which are reflective of the proportional share of State Water Project fixed costs applicable to those Producers outside the AVSWCA boundaries, are consistent with the terms of the Judgment and are based on the actual cost of Replacement Water, including Watermaster spreading costs; and

WHEREAS, these Producers will also be responsible for applicable Administrative Assessments in addition to a Replacement Water Assessment.

NOW, THEREFORE, BE IT RESOLVED, that the Watermaster Board unanimously adopts a Replacement Water Assessment for Years 2016 and 2017 in the amount of \$415 an acre foot for Producers within the AVSWCA boundaries, and a Replacement Water Assessment in the amount of \$888 an acre foot in 2016, \$896 an acre foot for Year 2017, and \$914 an acre foot for Year 2018, for Producers outside the AVSWCA boundaries.

I certify that this is a true copy of Resolution No. R-19-27 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held August 28, 2019, in Palmdale, California.

Date: _____

Robert Parris, Chairman

ATTEST: _____

Patricia Rose – Secretary

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SANTA BARBARA

I am employed in the County of Santa Barbara, State of California. I am over the age of eighteen (18) and not a party to the within action. My business address is 200 East Carrillo Street, Fourth Floor, Santa Barbara, California 93101.

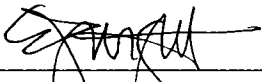
On October 25, 2019, I served the foregoing document described as **DECLARATION OF MATTHEW KNUDSON IN SUPPORT OF ANTELOPE VALLEY WATERMASTER'S OPPOSITION TO PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT'S MOTION FOR DECLARATORY RELIEF RE WATERMASTER RESOLUTION NO. R-19-27 AND NOTICE OF ASSESSMENT OF REPLACEMENT WATER ASSESSMENTS FOR 2016, 2017 AND 2018** on all interested parties in this action by the following manner:

- BY ELECTRONIC SERVICE:** I posted the document(s) listed above to the Santa Clara County Superior Court Website @ www.scefilng.org and Glotrans website in the action of the Antelope Valley Groundwater Cases.

- (STATE)** I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

- (FEDERAL)** I hereby certify that I am employed in the office of a member of the Bar of this Court at whose direction the service was made.

Executed on October 25, 2019, at Santa Barbara, California.



Signature
Elizabeth Wright