

**AVSWCA**

Antelope Valley State Water Contractors Association

www.avswca.org**COMMISSIONERS**

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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*

April 3, 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, April 12, 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 February 15, 2018.
- 6) Payment of bills.

- 7) Presentation on the 2018 Home Show and SMART Water Expo. (Resources Manager Barnes)
- 8) Consideration and possible action on memorandum of understanding for the Big Rock Creek Joint Groundwater Recharge Project between the AVSWCA member agencies. (General Manager Knudson/Assistant General Manager Thompson II)
- 9) Consideration and possible action on requesting issuing a request for proposal for the preparation of the feasibility study and CEQA document related to the Big Rock Creek Joint Groundwater Recharge Project. (General Manager Knudson/Assistant General Manager Thompson II)
- 10) Consideration and possible action on issuing a request for proposal to prepare a financial analysis associated with the cost of providing replacement water to the Antelope Valley. (General Manager Knudson/Assistant General Manager Thompson II)
- 11) Consideration and possible action on amendment to the Association's Joint Powers Agreement for office and administrative services provided by the member agencies. (General Manager Knudson/Assistant General Manager Thompson II)
- 12) Status update on AVSWCA Strategic Water Plan Ad Hoc Committee meetings. (Chair Parris)
- 13) 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.
- 14) Report of Controller.
 - a) Update on Revenue, Expenses and Change in Net Position.
- 15) Reports of Commissioners.
- 16) Report of Attorney.
- 17) Commission members' requests for future agenda items.
- 18) Consideration and possible action on scheduling the next Association meeting.
- 19) Adjournment.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

COMMISSION MEMORANDUM

DATE:	April 3, 2018	April 12, 2018
TO:	AVSWCA Commissioners	Commission Meeting
FROM:	Matthew Knudson, General Manager Peter Thompson II, Assistant General Manager	
RE:	<i>AGENDA ITEM NO. 8 - CONSIDERATION AND POSSIBLE ACTION ON MEMORANDUM OF UNDERSTANDING FOR THE BIG ROCK CREEK JOINT GROUNDWATER RECHARGE PROJECT BETWEEN THE AVSWCA MEMBER AGENCIES</i>	

Recommendation:

Association staff and the member agencies recommend approval of the attached Memorandum of Understanding (MOU) by and between Littlerock Creek Irrigation District (LCID), Antelope Valley-East Kern Water Agency (AVEK), Palmdale Water District (PWD), and Antelope Valley State Water Contractors Association (Association or AVSWCA) for the initial phase (Feasibility and CEQA) of developing a groundwater recharge project within Big Rock Creek.

Background:

Pursuant to Section 3 of the JPA, the Association shall have the power to exercise joint and common powers of its members in studying, planning, and implementing programs for coordinated utilization of the groundwater and groundwater storage capacity of the Antelope Valley. Pursuant to the powers granted to the Association under the JPA, the Association seeks to implement a Project that will evaluate, plan, permit, design, construct, operate, and maintain the Big Rock Creek – Groundwater Recharge Project, hereinafter referred to as “Project.” This MOU memorializes the parties’ intention to plan and initiate the Project.

The Association staff will be responsible for Project Administration, including project management, communication, and coordination between the member agencies and any consultant contracted by the Association. If the MOU is approved, the next step will be to issue a Request for Proposal (RFP) to qualified consulting firms and bring back a recommendation to the Commissioners for consideration and possible action. Said proposals will detail the scope, schedule, and fee associated with the initial phase of the project.

Financial Impact:

Per the MOU, the total project feasibility and CEQA phase costs shall be borne by the parties according to the following percentages:

- a. Antelope Valley-East Kern Water Agency: 47.5%
- b. Littlerock Creek Irrigation District: 5.0%
- c. Palmdale Water District: 47.5%

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
LITTLEROCK CREEK IRRIGATION DISTRICT,
ANTELOPE VALLEY-EAST KERN WATER AGENCY,
PALMDALE WATER DISTRICT,
AND
ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION
FOR THE BIG ROCK CREEK – GROUNDWATER RECHARGE PROJECT**

This Memorandum of Understanding For the Big Rock–Creek Groundwater Recharge Project (“MOU”) is dated (), 2018 (“Effective Date”), and is entered into by and between Littlerock Creek Irrigation District (“LCID”), Antelope Valley-East Kern Water Agency (“AVEK”) Palmdale Water District (“PWD”), and the Antelope Valley State Water Contractors Association (“Association”). LCID, AVEK, PWD, and the Association shall be the signatories to this MOU and shall hereinafter collectively be referred to as the (“Parties”).

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. PURPOSES AND GOALS

On May 26, 1999, LCID, AVEK, and PWD entered into a Joint Powers Agreement (“JPA”) creating the Antelope Valley State Water Contractors Association, in order to provide for the conjunctive utilization of the local groundwater and imported water supply within the Antelope Valley Groundwater Basin. The Antelope Valley Groundwater Basin constitutes a common source of water supply and a common groundwater storage facility for the customers and inhabitants of all three agencies.

Pursuant to Section 3 of the JPA, the Association shall have the power to exercise joint and common powers of its members in studying, planning, and implementing programs for coordinated utilization of the groundwater and groundwater storage capacity of the Antelope Valley.

Pursuant to the powers granted to the Association under the JPA, the Association seeks to implement a Project that will evaluate, plan, permit, design, construct, operate, and maintain the Big Rock Creek – Groundwater Recharge Project, hereinafter referred to as “Project.” This MOU memorializes the parties’ intention to plan and initiate the Project.

2. UNDERSTANDING OF THE PARTIES

2.1 Project Development

Subject to the terms and conditions of this MOU, the Parties agree to cooperate in good faith to jointly develop the Big Rock Creek – Groundwater Recharge Project. The initial phase (Feasibility and CEQA compliance) of the Project will include the preparation of a Feasibility

Report/Conceptual Design and completion of environmental documentation that meets the requirements of CEQA. The terms and conditions of each Phase (Feasibility/CEQA, Design, Construction, and Operation & Maintenance) will be set forth in separate phase-specific agreements to be mutually agreed upon by the Parties in accordance with the provisions of this MOU.

Operation and maintenance cost allocation shall be determined once the Project is in the final Design and Construction Phase. Operation and Maintenance Cost Allocation terms shall be set forth in the final Design and Construction Phase agreement. The Parties shall cooperate in good faith to determine the appropriate Operation and Maintenance Costs that shall be borne by each Party.

2.3 Project Administration

Association staff shall be responsible for Project Administration, including project management, communication, and coordination between the Parties and any Consultants contracted by the Association.

2.4 Project Feasibility and CEQA Phase Cost Allocation

The total Project Feasibility and CEQA Phase Costs shall be borne by the Parties according to the following percentages:

- a. Antelope Valley-East Kern Water Agency: 47.5%
- b. Littlerock Creek Irrigation District: 5.0%
- c. Palmdale Water District: 47.5%

2.5 SWP Fixed and Variable Costs

Each Party shall be responsible for its State Water Project (“SWP”) related variable costs incurred with delivering its Table A SWP water to the Project.

Each Party shall continue to pay its fixed SWP costs associated with making its Table A SWP water available for recharge using the Project.

2.6 Accounting

Association staff shall submit detailed quarterly accounting of all staff time and expenses made in connection with the Project.

2.7 Governmental Approvals

The Parties shall cooperate with each other and with State Agencies in preparing all necessary agreements and permits to construct and operate the Project.

2.8 Environmental Compliance

2.8.1 The Parties shall comply with the California Environmental Quality Act (CEQA) and cooperate with one another with respect to any and all CEQA compliance that may be required for the Project.

2.8.2 The Parties shall be individually responsible for any other environmental review or permitting necessary to implement the Project within their own respective service areas.

2.9 Return Water

The Parties shall cooperate with one another and work with the Antelope Valley Watermaster to determine the authorization to recover water that has been recharged by each Party.

2.10 General Expenses

Each Party shall be responsible for its own fees and expenses arising out of the negotiation and execution of this MOU. Each Party shall obtain any and all necessary Board Approvals arising out of the negotiation and execution of this MOU.

3. GENERAL PROVISIONS

3.1 Assignment

This MOU shall not be construed to create any rights on behalf of any person or entity other than the Parties. Neither this MOU nor any rights or duties hereunder may be assigned or delegated by either party hereto without the written consent of the other Parties and any such purported assignment or delegation shall be null and void and of no force or effect. The Parties further covenant that the respective Parties shall not assign any portion of the Funds without the prior written consent of all of the other Parties.

3.2 Representations and Warranties of the Parties

The Parties hereby represent and warrant to each other that, to the best of their knowledge, information, and belief, they have full power and authority to enter into this MOU and agree in good faith to seek to obtain all powers and authority to consummate the transactions contemplated herein.

3.3 Termination

Each party reserves the right to withdraw from the Project at any time. The party terminating their participation will notify the other parties, in writing, thirty (30) days prior to the anticipated termination date. Upon withdrawal by any party, with or without cause, no party will have any right to actual or liquidated damages against any the other party.

3.4 Modifications

The entire MOU between the Parties is contained herein and no change, modification, termination, or discharge of this MOU shall be effective unless in writing and signed by each party to be charged therewith.

3.6 Severability

If any of the provisions of this MOU shall be such as to destroy its mutuality or to render it invalid or illegal, then if it shall not appear to have been so material that without it this MOU would not have been made by the Parties, it shall not be deemed to form a part hereof but the balance of this MOU shall remain in full force and effect.

3.7 No Liability

Each Party will use its best efforts to further the Project; provided, however, no Party makes any representations or warranty to the other Parties regarding the viability or success of the Project.

3.8 No Individual Liability

No Commissioner, director, officer, agent, or employee of the Parties shall be held personally liable under any provision of this MOU or because of its execution or attempted execution or because of any breach or alleged breach hereof.

3.9 Binding Agreement

This MOU is not intended to create a binding agreement to undertake development of the Project unless and until final forms of documents have been approved by the respective Boards of the Parties and executed and delivered by the Parties.

3.10 Counterparts

This MOU may be executed in counterparts, each of which will be deemed to be an original, and such counterparts will constitute one and the same instrument.

3.11 Waiver

Failure of any party to require performance of any provision of this MOU shall not limit that party's right to enforce the provision. Waiver of any breach of a provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or of any other provision.

3.12 Integration

This MOU contains the entire agreement between the parties respecting the matter set forth, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting this matter.

3.13 Further Assurances

Whenever requested to do so by the other party, each party shall execute, acknowledge, and deliver all further conveyances, assignments, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or proper, in order to complete all conveyances, transfers, sales, and assignments under this MOU, and to do all other acts and to execute, acknowledge, and deliver all documents as requested in order to carry out the intent and purpose of this MOU.

3.14 Expenses

Parties each shall be solely responsible for expenses incurred in connection with the negotiations for the purposes described herein.

3.15 Litigation Costs

If any legal action or any other proceeding, including arbitration or an action for declaratory relief, is brought for the enforcement of this MOU or because of an alleged dispute, breach, default, or misrepresentation in connection with any provision of this MOU, the prevailing party shall be entitled to recover reasonable attorney fees and other costs incurred in that action or proceeding, in addition to any other relief to which the prevailing party may be entitled.

“Prevailing party” shall include without limitation:

- (a) a party who dismisses an action in exchange for sums allegedly due;
- (b) a party who receives performance from another party of an alleged breach of covenant or a desired remedy where the remedy is substantially equal to the relief sought in an action; or
- (c) the party determined to be the prevailing party by a court of law.

3.16 Miscellaneous

3.16.1 This MOU will be governed by and construed under the laws of the State of California.

3.16.2 The Parties waive any statutory or common law presumption which would serve to have this document construed in favor and against any party as the drafter.

3.16.3 This MOU binds the Parties, their heirs, executors, administrators, successors and assigns.

3.17 Notice

3.17.1 Any correspondence, communication or contact concerning this MOU must be directed to the Parties at the name and address listed herein.

3.17.2 Notice will be deemed as given upon personal delivery, receipt of e-mail, receipt of fax confirmation, or five days after deposit in U.S. Mail, first-class postage, prepaid, and addressed as set forth above.

If to Littlerock Creek Irrigation District:

Attn: General Manager
35141 87th St. East Littlerock, CA
Tel.: (661) 944-2015
Fax: (661) 944-3668

With a Copy to:

Keith Lemieux, Esq.
Olivarez, Madruga, Lemieux & O'Neill
4165 E. Thousand Oaks Blvd, Suite 350
Westlake Village, CA 91362
Tel: (805) 495-4770
Fax: (805) 495-2787

If to Antelope Valley-East Kern Water Agency.:

Attn: General Manager
6500 West Avenue N
Palmdale, CA 93551
Tel.: (661) 943-3201
Fax: (661) 943-3204

With a Copy to:

Bill Brunick, Esq.
Brunick, McElhaney & Kennedy PLC
1839 Commercenter West
San Bernardino, CA 92408-3303
Tel: (909) 889-8301
Fax: (909) 388-1889

If to Palmdale Water District:

Attn: General Manager
2029 East Avenue Q
Palmdale, CA 93550
Tel.: (661) 947-4111
Fax: (661) 947-8604

If to the Association:

Attn: General Manager
2029 East Avenue Q
Palmdale, CA 93550
Tel.: (661) 947-4111

The Parties are signing this MOU as of the dates opposite their respective signatures.

**LITTLE ROCK CREEK IRRIGATION
DISTRICT**

By: _____

Attest:

Secretary

Approved as to form:

District Counsel

PALMDALE WATER DISTRICT

By: _____

Attest:

Secretary

Approved as to form:

District Counsel

**ANTELOPE VALLEY-EAST
KERN WATER AGENCY**

By: _____

Attest:

Secretary

Approved as to form:

Agency Counsel

**ANTELOPE VALLEY STATE WATER
CONTRACTORS ASSOCIATION**

By: _____

A PROFESSIONAL ACCOUNTANCY CORPORATION

Date: March 2, 2018

RECEIVED

MAR 07 2018

To the Governing Board
of Antelope Valley State Water Contractors Association

We are engaged to audit the financial statements of Antelope Valley State Water Contractors Association (AVSWCA) for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated February 21, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we will consider the internal control of AVSWCA. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of AVSWCA's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of proportionate share of the net pension liability, and schedule of contributions, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on and financial trends and analysis which accompany the financial statements, but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on organizational structure which accompany the financial statements, but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | CJ Gaunder Singh, CPA
Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

Planned Scope and Timing of the Audit

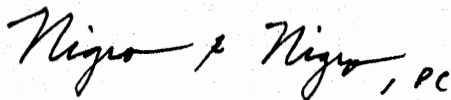
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the school district. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately March 26, 2018 and issue our report no later than April 30, 2018. Peter Glenn is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Governing Board and management of AVSWCA and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Nigro & Nigro, PC". The signature is written in dark ink and is positioned above the printed name of the firm.

Nigro & Nigro, PC