

Agenda
East Valley Reclamation Authority
Joint Powers Authority
2:30 p.m.

150 Civic Center Mall
Indio, California

March 5, 2019

1. CALL TO ORDER AND ROLL CALL

Vice President William Teague (*Valley Sanitary District*)
Board Member Elaine Holmes (*City of Indio - Indio Water Authority*)
Board Member Dennis Coleman (*Valley Sanitary District*)
Board Member Oscar Ortiz (*City of Indio - Indio Water Authority*)

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT

This is the time set aside for public comment. If you wish to speak, please complete a "request to speak" form and limit your comments to three minutes (forms are located in the lobby of the Council Chamber). Please watch the timing device on the podium.

4. Oath of Office to new Board Members

5. Selection of East Valley Reclamation Authority Officers **Recommendation: Approve**

- a. President (*Valley Sanitary District*)
- b. Vice President (*Indio Water Authority*)
- c. Secretary (*Valley Sanitary District*)
- d. Treasurer (*Indio Water Authority*)

6. CONSENT CALENDAR

- a. Minutes of June 5, 2018 **Recommendation: Approve**
- b. Warrants (No Activity) **Recommendation: Receive/File**

7. ADMINISTRATIVE ITEMS:

- a. Fiscal Year 2017-18 Audited Financial Statements (*Gary Lewis, Interim IWA General Manager*) **Recommendation: Receive/File**
- b. Fiscal Year 2018-19 Second Quarter Budget Report (*Gary Lewis, Interim IWA General Manager*) **Recommendation: Receive/File**

- c. Appointment of East Valley Reclamation Authority Clerk (Gary Lewis, Interim IWA General Manager) **Recommendation:** Approve

8. GENERAL MANAGER'S REPORT

9. AUTHORITY MEMBER COMMENTS AND/OR QUESTIONS

10. ADJOURN

Next meeting: June 4, 2019 at 2:30 p.m.

Location: Valley Sanitary District

Agenda packets are available on the City's website at www.indio.org and on the Valley Sanitary District website at www.valley-sanitary.org.

Materials related to an item on this Agenda submitted after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the Indio City Hall Administration Building at 100 Civic Center Mall, Indio, during normal City business hours and during the meeting as well as the offices of Valley Sanitary District located at 45500 Van Buren Street Indio.

PUBLIC NOTICE

The Indio City Council Chamber is handicapped accessible. If special equipment is needed, for the hearing impaired, please call the City Clerk's office. Persons with disabilities can receive this agenda in an alternative format and should call the City Clerk's office at 391-4007. Notification 48 hours prior to a meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102.35.104 ADA Title 11).

DECLARATION OF POSTING

I, Maria Ysiano, Deputy City Clerk, do hereby declare that the foregoing agenda was posted on the outside entry to the Council Chamber, 150 Civic Center Mall on March 1, 2019.



MARIA YSIANO
DEPUTY CITY CLERK



**SUBMITTAL TO THE JOINT POWERS AUTHORITY
EAST VALLEY RECLAMATION AUTHORITY**

Board of Directors Meeting
March 5, 2019

FROM: EVRA JPA Staff


SUBJECT: Selection of East Valley Reclamation Authority Officers

RECOMMENDED MOTION: That the Board select a President, Vice President, Secretary, and Treasurer for the East Valley Reclamation Authority in accordance with Section 4.6, 4.7, 4.8 and 4.9 of the Joint Power Agreement.

SUMMARY: Four members – two each from the Valley Sanitary District Board and the Indio City Council/Indio Water Authority Board, constitute the East Valley Reclamation Authority Board. Due to recent transition on both governing bodies, each governing body has appointed members to the JPA Board in accordance with Section 3.1 of the Joint Power Agreement. Article 3 of the Agreement requires the selection of officers on a calendar year basis and the rotation of offices between Member agencies.

According to Section 4.6 to 4.9 of the Agreement, the two Board members from each Member agency decides between them who will fill the two positions allocated. For summary purpose, below is each Member agency and the officer positions its Board representatives can be selected to fill:

Valley Sanitary District – President, Secretary
Indio Water Authority – Vice President, Treasurer


 Prepared by: Gary Lewis

Attachment: Joint Power Agreement of 12-18-2013

	Account Number	Dollars
Costs associated with this action		\$0.00
Current Fiscal Year Budget		\$0.00

Legal Review	N/A	
City of Indio Review	Gary Lewis	<i>For John Kaden</i>
Valley Sanitary District Review	Joseph Glowitz	<i>Joseph Glowitz</i>

ATTACHMENT A

**JOINT EXERCISE OF POWERS AGREEMENT
CREATING
EAST VALLEY RECLAMATION AUTHORITY**

Dated as of December 18, 2013

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS	1
1.1 Definitions	1
ARTICLE 2 GENERAL PROVISIONS	3
2.1 Purpose	3
2.2 Creation of Authority.....	3
ARTICLE 3 BOARD	3
3.1 Board	3
3.2 Voluntary Resignation; Notice of Effectiveness	4
3.3 Powers	4
3.4 Compensation	4
3.5 Meetings of the Board; Voting; Call, Notice and Conduct of Meetings	4
ARTICLE 4 OFFICERS AND EMPLOYEES	5
4.1 Officers	5
4.2 Subordinate Officers.....	5
4.3 Term of Office and Qualification	5
4.4 Involuntary Resignation Request.....	5
4.5 Removal of and Vacancy Among Officers.....	5
4.6 President	5
4.7 Vice President.....	5
4.8 Secretary	6
4.9 Treasurer.....	6
4.10 Officers in Charge of Records, Funds and Accounts	6
4.11 Employees	7
4.12 Privileges and Immunities	7
4.13 Conflict of Interest Code	7
ARTICLE 5 POWERS.....	7
5.1 General Powers.....	7
5.2 Specific Powers	7
5.3 Restrictions on Exercise of Powers	8
5.4 Liability Contribution.....	9
5.5 Indemnity by Authority for Litigation Expenses of Officer, Board Member or Employee.....	9
5.6 Execution of Contracts	9
ARTICLE 6 OPERATIONS.....	9
6.1 Contracts and Covenants Funds	9
6.2 Accounting Procedure	10

TABLE OF CONTENTS
(continued)

	Page
6.3 Purchases and Expenditures	10
6.4 Sale or Lease of the Facilities	10
6.5 Reversion	10
ARTICLE 7 CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS	10
7.1 Contributions	10
7.2 Accounts and Reports	10
7.3 Funds	11
7.4 Annual Budget and Administrative Expenses	11
ARTICLE 8 TERM; ADDITIONS; WITHDRAWALS; DISSOLUTION	11
8.1 Term	11
8.2 Addition of Members	11
8.3 Withdrawal or Exclusion of a Member	11
8.4 Dissolution	12
ARTICLE 9 MISCELLANEOUS PROVISIONS	12
9.1 Notices	12
9.2 Section Heading	13
9.3 Consent	13
9.4 Law Governing	13
9.5 Amendments	13
9.6 Enforcement by Authority	13
9.7 Severability	13
9.8 Successors and Assigns	13
9.9 Execution of Counterparts	13

**JOINT EXERCISE OF POWERS AGREEMENT
CREATING EAST VALLEY RECLAMATION AUTHORITY**

THIS JOINT EXERCISE OF POWERS AGREEMENT (the "JPA"), entered into as of December 18, 2013, is made by and between the City of Indio (the "City"), and the Valley Sanitary District (the "VSD"), with respect to the following facts.

WITNESSETH:

WHEREAS, agencies formed under Article 1 (commencing with Section 6500) of the Joint Powers Law (as defined herein) may jointly exercise any power common to the contracting parties, including, without limitation, the acquisition, construction, and improvement of public capital improvements, working capital requirements or insurance programs of such members or other local agencies; and

WHEREAS, the VSD is responsible for wastewater treatment of municipal sewage as required by permit issued by the California Regional Water Quality Control Board; and

WHEREAS, the City, through the Indio Water Authority, is responsible for the conveyance, distribution, and treatment of water necessary to comply with standards for potable use and groundwater replenishment; and

WHEREAS, the VSD and City are each "public agencies" as that term is defined in California Government Code Section 6500; and

WHEREAS, the Members (as defined herein) wish to form the Authority (as defined herein), an entity separate from the City and VSD, under the Joint Powers Law, for the purpose of providing an entity for purposes which are authorized by law and which can carry out the Operations (as defined herein) and lease, own, maintain, and operate the Facilities (as defined herein).

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter contained, the VSD and the City do hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and capitalized shall have the meanings specified.

(a) "Agreement" means this JPA, as originally entered into or as amended from time to time in accordance with Section 9.5 hereof.

(b) "Authority" means the East Valley Reclamation Authority, a joint powers authority duly organized and validly existing pursuant to the laws of the State of California.

(c) "Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of the Joint Powers Law (commencing with Section 6584), as amended from time to time, Article 2 of the Joint Powers Law, as amended from time to time, or any other law available for use by the Authority in the authorization and issuance of Indebtedness or to provide for the financing of Indebtedness and/or Public Capital Improvements, as amended from time to time.

(d) "Bond Purchase Agreement" means an agreement between the Authority and a Member or a Local Agency, pursuant to which the Authority agrees to purchase Indebtedness from a Member or a Local Agency, as the case may be.

(e) "Board" means the East Valley Reclamation Authority Board referred to in Section 3.1 hereof, which shall be the governing body of the Authority.

(f) "Facilities" means any facilities, properties, rights, or entitlements acquired through lease or ownership by the Authority to fulfill the purposes of this Agreement, should the Authority acquire any facilities, properties, rights or entitlements.

(g) "Fiscal Year" means the fiscal year of the Authority as established from time to time by the Board by resolution, being at the date of this Agreement the period from July 1 in any calendar year to and including June 30 in the succeeding calendar year.

(h) "Indebtedness" means bonds, notes or other evidences of indebtedness, and all other obligations, instruments, and agreements pursuant to any provision of law to finance the acquisition, construction or improvement of the Facilities or Operations, working capital requirements, or liability or other insurance needs of the Operations.

(i) "Joint Powers Law" means the Joint Exercise of Powers Act, Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time.

(j) "Liability Share" means, with respect to any Member, the amount of a judgment for damages divided by the number of Members at the time the act or omission occurred, unless any portion of the judgment arises from an act or omission directly related to the studying, planning, financing, developing, acquiring, purchasing, construction, reconstructing, implementing, improving, enlarging, enhancing, operating, maintaining, selling, disposing of, or decommissioning of any project undertaken by the Authority under this Agreement, in which case, with respect to such portion, the term "Liability Share" shall mean, with respect to any Member, the amount of such portion multiplied by a fraction equal to (1) such Member's entitlement or right, if any, to participate in such project at the time the act or omission occurred, divided by (2) the aggregate amount of all Member's entitlements or rights to participate in such project at the time the act or omission occurred.

(k) "Local Agency" means each of the Members, any agency or subdivision of a Member, and any other city, county, city and county, authority, district, or public corporation of the State of California.

(l) "Members" means, collectively, all of the parties to this Agreement, which parties shall initially consist of the City and the VSD, and which shall include all additional parties hereto that become Members pursuant to the provisions of Section 8.2 hereof; provided, however, that the term "Member" shall not include any entity which shall have withdrawn or been excluded from the Authority pursuant to Section 8.3 hereof.

(m) "Operations" means the tertiary or enhanced treatment of water supplied to the Authority by VSD to be delivered to IWA for its use, and such other activities as the Board may determine from time to time.

(n) "Public Agency" has the meaning given to the term "public agency" in Article 1 of the Joint Powers Law.

(o) "Public Capital Improvements" has the meaning given such term in Section 6585(g) of the Bond Law, as such provision may be amended from time to time.

(p) "Working Capital Requirements" means the requirements of the Authority for funds to be used by, or on behalf of, the Authority for any purpose for which the Authority may borrow money pursuant to Section 53852 of the California Government Code, as amended from time to time.

ARTICLE 2

GENERAL PROVISIONS

2.1 Effective Date. This Agreement shall become effective and the Authority will come into existence as a separate public agency on the Effective Date. The effective date shall be the date that the Agreement is approved by the last legislative body, either the VSD or the City ("Effective Date").

2.2 Purpose. This Agreement is made pursuant to the Joint Powers Law providing for the joint exercise of powers common to the Members for the purpose of planning, implementing and operating a recycled water program serving portions of the City of Indio and other surrounding areas, and for other purposes as permitted under the Joint Powers Law. Other purposes of this Agreement include providing for the lease, ownership, operation, and maintenance of any Facilities or service, the financing of Public Capital Improvements for and Working Capital Requirements and insurance programs of the Members and any Local Agency, including, without limitation, financing relating to any Operations or service through the lease, acquisition or construction by the Authority of such Public Capital Improvements, the purchase by the Authority of Indebtedness of any of the Members or a Local Agency pursuant to Bond Purchase Agreements, the lending of funds by the Authority to a Member or a Local Agency or the entering into of contractual arrangements by the Authority with a Member or a Local Agency, and any other transaction authorized by the Joint Powers Law and other laws; and to engage in any other transactions authorized by the Joint Powers Law and other laws.

2.3 Creation of Authority. Pursuant to the Joint Powers Law, the Authority is hereby created. The Authority shall be a public entity separate and apart from the Members, and shall administer this Agreement.

ARTICLE 3

BOARD

3.1 Board. The Authority shall be governed by a Board, which consists of four (4) members as provided in this Section 3.1. Two members shall be appointed by the legislative body of the VSD and two members shall be appointed by the legislative body of the City. The governing body of each Member shall designate in writing to the Authority the names of the members appointed to the Board. Only currently active members of the legislative bodies of the City and the VSD may be appointed to the Board of the Authority. Board members may be removed at any time by the legislative body of the appointing Member.

3.2 Voluntary Resignation; Notice of Effectiveness. Any member of the Board may, subject to contrary provision in any applicable contract, resign at any time by giving written notice to the Board or to the President or to the Secretary of the Authority. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof. Acceptance of the resignation by the Board shall not be necessary to make it effective.

3.3 Powers of the Board. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by and its property controlled and its affairs conducted by the Board of the Authority, which shall have all powers without limitation to conduct all business and activities of the Authority. The Board shall have the responsibility for the general management of the Authority property and business of the Authority and may, from time to time, adopt and modify bylaws and other rules and regulations consistent with this Agreement which shall provide for the administration and management of the Authority including the conduct of its meetings as it may deem proper.

3.4 Compensation. Board members shall be compensated for every meeting in an amount as determined by the Board.

3.5 Meetings of the Board; Voting; Call, Notice and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular and special meetings shall be governed by the Ralph M. Brown Act, being Sections 54950 *et seq.* of the California Government Code, as amended from time to time ("Brown Act").

(a) **Regular Meetings.** The Board shall meet monthly at a time and place to be determined by resolution of the Board.

(b) **Special Meetings.** Except as otherwise provided by law or this Agreement, special meetings of the Board shall be held whenever called by the President of the Authority, in accordance with the provisions of the Brown Act..

(c) **Adjournments and Adjourned Meetings.** The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified by the Board in accordance with the Brown Act. If less than a majority is present at a meeting, a majority of those members of the Board present may adjourn the meeting from time to time.

3.6 Quorum. A majority of the total number of members of the Board shall constitute a quorum for the transaction of business.

3.7 Voting.

Each member of the Board shall have one vote. The affirmative votes of at least a majority of the members of the Board present at any meeting at which a quorum is present shall be required for the Board to take any action. Every act or decision done or made by a majority of the members of the Board present at any meeting at which a quorum is present shall be the act of the Board. In the event of a tie vote where the votes are split according to member agency (VSD members on one side of the issue and the City members on the other side) the member agency with the greatest financial stake in the matter shall prevail. If the tie vote is the result of a split not according to member agency the matter shall be resolved with a coin toss. Three affirmative votes shall be required in order to constitute Authority action on "material matters", which shall include each of the following matters. (1) any change sought in the form of governance; (2) any change in voting requirements; (3) retaining the services of legal counsel and General Manager; (4) establishing, levying, increasing or decreasing all assessment, fees and other charges; (5) adopting or amending an annual budget; (6) decisions regarding the ownership, acquisition and/or financing of facilities; (7) addition of new Members; and (8) any decision that involves a substantial commitment by the Authority defined as the expenditure of funds of over \$250,000.

ARTICLE 4

OFFICERS AND EMPLOYEES

4.1 Officers. The officers of the Authority shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may appoint.

4.2 Subordinate Officers. The Board may authorize the appointment of, by contract or otherwise, a General Manager and such officers other than those mentioned in Section 4.1 above as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

4.3 Term of Office and Qualification. The term of each officer elected or appointed pursuant to Section 4.2 of this Agreement shall be for no more than one calendar year from January 1 through December 31, and may be shorter in the event that such officer vacates or is removed from such office in accordance with Sections 4.4 and 4.5 hereof, or is otherwise unable to perform the duties of such office.

4.4 Involuntary Resignation Prohibited. The Board may not request or require the resignation of any Board member. Only the legislative body of a Member agency may remove a Board member representative.

4.5 Vacancy Among Subordinate Officers. Should a vacancy occur in any subordinate office as set forth in Section 4.2 as a result of death, resignation, retirement, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office

to any officers or to any members of the Board until such time as a successor for said office has been appointed.

4.6 President. The office of President shall be selected from among the members of the Board and shall alternate each calendar year between VSD and City. The two Board members of the agency that holds the office of President for the calendar year shall determine between them who shall serve as President. He or she shall be ex officio member of all standing committees, and shall have the general powers and duties of management of the Authority and shall have such other powers and duties as may be prescribed by the Board or this Agreement. The President shall preside at all meetings of the Board.

4.7 Vice President. The office of Vice President shall be selected from among the members of the Board and shall be held by the Member agency not holding the office of President for the same calendar year. The two Board members of the agency that holds the office of Vice President for the calendar year shall determine between them who shall serve as Vice President.

In the absence or disability of the President, the Vice President shall perform all the duties of the President, including presiding at meetings of the Board, and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as may, from time to time, be prescribed for him or her by the Board or this Agreement.

4.8 Secretary. The Board shall select the Board member to serve as Secretary from the remaining Board members not serving as President or Vice President for the calendar year.

The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Board may order, of all meetings of the Board, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board meetings and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Board, and shall act as secretary at all such meetings. The Secretary shall keep the Authority records in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or this Agreement.

4.9 Treasurer. Pursuant to Section 6505.6 of the Joint Powers Law, the Board shall designate a Treasurer of the Authority. The Board shall select the Board member to serve as Treasurer from the remaining Board members not serving as President, Vice President, or Secretary for the calendar year. The office of Treasurer shall also be designated as Manager of Finance.

Subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Joint Powers Law.

The Treasurer is hereby designated as controller of the Authority and, as such, shall have comply with the duties and responsibilities specified in Section 6505.5 of the Joint

Powers Law. The controller of the Authority shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

4.10 Officers in Charge of Records, Funds and Accounts. The Treasurer, to the extent such officer's duties and responsibilities require, is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond, as required by Section 6505.1 of the Joint Powers Law, in the amount of Twenty-Five Thousand Dollars (\$25,000), or such other amount fixed by the Board, which bond shall be paid for by the Authority.

4.11 Employees. The Board shall have the power to appoint and employ, by contract or otherwise, such other officers, employees, consultants and independent contractors as it may deem necessary for the purposes of this Agreement, any of whom may be employees of a Member, and who shall have such powers, duties and responsibilities as are determined by the Board, except that initially the Authority will hire no independent employees and will instead utilize existing staff of the member agencies.

4.12 Privileges and Immunities. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of a public agency when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement.

None of the officers, agents, or employees directly employed by the Authority shall be deemed, by reason of their employment by the Authority, to be employed by any of Members or, by reason of their employment by the Authority, to be subject to any of the requirements of any of the Members.

4.13 Conflict of Interest Code. The Authority by resolution shall adopt by reference a Conflict of Interest Code as required by the Political Reform Act, commencing with Section 81000 of the California Government Code.

ARTICLE 5

POWERS

5.1 General Powers. The Authority shall have all of the powers common to the Members and all additional powers set forth in the Joint Powers Law, including but not limited to Article 4 of the Joint Powers Law (commencing with Section 6584), and other statutes applicable to the Authority, and is hereby authorized to do all acts necessary or convenient for the exercise of such powers and to accomplish the purposes of this Agreement.

5.2 Specific Powers. For the purpose of acquiring, owning, operating, and improving the Facilities and conducting its Operations and for the purposes set forth in Section 2.2, the Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers, including but not limited to, any or all of the following:

- (a) to make and enter into contracts;
- (b) to employ agents or employees;
- (c) to plan, develop, acquire, construct, manage, maintain, repair, replace or operate any public capital improvement, including the common power of the Members to acquire any public capital improvement by the power of eminent domain and including the financing of such improvements;
- (d) to acquire (by the exercise of the power of eminent domain or otherwise), hold, lease, sell or otherwise dispose of any real or personal property, tangible or intangible, and any interests therein, wherever located;
- (e) to issue or incur indebtedness and otherwise to incur debts, liabilities or obligations for the purpose of acquiring, owning, operating or improving the Facilities and conducting its Operations, provided that no such indebtedness, debt, liability or obligation shall constitute a debt, liability or obligation of any of the Members;
- (f) to sue and be sued in its own name;
- (g) to establish a budget and authorize expenditures therefrom;
- (h) to apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States or of the State of California or from any private sources;
- (i) to enter into agreements for the creation of separate public entities and agencies pursuant to the Joint Powers Law;
- (j) to invest any money in the treasury as determined by the Authority, in accordance with applicable provisions of the Joint Powers Law and Section 53601 of the California Government Code, as amended from time to time;
- (k) to apply for letters of credit or other forms of financial guarantees in order to secure the repayment of indebtedness and enter into agreements in connection therewith;
- (l) to carry out and enforce all the provisions of this Agreement;
- (m) to make and enter into Bond Purchase Agreements;
- (n) to purchase Indebtedness of a Member or any Local Agency;
- (o) to establish non-profit corporations or for-profit corporations to assist in accomplishing any of its objectives; and
- (p) to exercise any and all other powers as may be permitted by State Law and/or the Joint Powers Law (including Section 6588 of the Joint Powers Law).

5.3 Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Joint Powers Law, subject only to the restrictions upon

the manner of exercising such powers as are imposed upon VSD in the exercise of similar powers.

5.4 Liability Contribution. Pursuant to the Joint Powers Law, the debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the Members, except as provided by Section 895.2 of the California Government Code, as amended from time to time, in the case of injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement. If any Member is held liable upon any judgment for damages caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, and pays in excess of its Liability Share of such judgment, such Member shall be entitled to contribution from each other Member and may require each other Member to pay an amount towards the judgment for damages, but in no event shall any such other Member be required to pay in excess of its Liability Share of such judgment.

5.5 Liability of Board Members, Officers or Employees. The members of the Board, officers and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Authority or be subject to any personal liability or accountability by reason of any obligations of the Authority, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Authority. Nothing contained in this Agreement shall in any way diminish the liability of any Member or other party with respect to any contract between such Member or other party and the Authority.

5.6 Indemnification. Each party hereto agrees to indemnify and hold the other parties harmless from any liability imposed on the other parties for damage, actual or alleged, to persons or property arising out of or resulting from negligent acts or omissions of the indemnifying party or its employees arising out of the performance of this Agreement. Where the Board of Directors itself or its agents or employees are held liable for injuries to persons or property, each party's liability for contribution or indemnity for such injuries, if any, shall be based proportionately upon the contributions (less voluntary contributions) of each Member. In the event of liability imposed upon any of the parties to this Agreement, or upon the Board of Directors created by this Agreement, for injury which is caused by the negligent or wrongful act or omission or any of the parties in the performance of this Agreement, the contribution of the party or parties not directly responsible for the negligent or wrongful act or omission shall be limited to One Hundred Dollars (\$100.00). The party or parties directly responsible for the negligent or wrongful acts or omissions shall indemnify, defend, and hold all other parties harmless from any liability for personal injury or property damage arising out of the performance of this Agreement.

5.7 Indemnity by Authority for Litigation Expenses of Officer, Board Member or Employee. If any Board member or any officer or employee of the Authority shall be sued, either alone or with others, because he or she is or was a Board member or an officer or employee of the Authority, in any proceeding arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the

Authority or by the Authority, the Authority shall defend and indemnify such persons, including reasonable attorneys' fees incurred in the defense of the proceedings, if the person sued acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

5.8 Execution of Contracts. The Board, except as otherwise provided in this Agreement, may authorize any officer or officers, agent or agents, to enter into any contract or execute any contract or execute any instrument in the name of and on behalf of the Authority and such authorization may be in general or confined to specific instances and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

ARTICLE 6

OPERATIONS

6.1 Contracts and Covenants Funds. The Authority may make contracts and covenants for the benefit of the holders of any bonds payable solely from any of the revenues of the Operations, to establish fund or funds, to maintain adequate rates or charges, to restrict further indebtedness payable out of the same fund or funds, to restrict transfers out of any such fund, and other appropriate covenants.

Money placed in any such special fund for the payment of principal and/or interest on any issue of such bonds or to assure the application thereof to a specific purpose shall not be expended for any purpose whatever except for the purpose for which such special fund was established and shall be deemed segregated from all other funds of the Authority and reserved exclusively for the purpose for which such special fund was established until the purpose of its establishment shall have been fully accomplished.

6.2 Accounting Procedure. Each utility component of the Operations (if there shall be more than one) shall be operated as a separate unit by the respective Member and all accounting respecting such utility shall be on that basis.

6.3 Purchases and Expenditures. The expenditure and disbursement of funds of the Authority shall be made and approved as elsewhere provided in this Agreement.

6.4 Sale or Lease of the Facilities. No Facility nor all or substantially all of the assets of the Authority now or hereafter owned, leased, or controlled by the Authority shall be sold, leased or otherwise transferred unless authorized, as the case may be, by the affirmative votes of at least three (3) members of the Board.

ARTICLE 7

CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS

7.1 Contributions. The City and the VSD shall be responsible for 50% of the Authority's costs and expenses unless otherwise determined by the Board, except that VSD shall be responsible for 100% of the costs and expenses associated with the design and construction of facilities for VSD's compliance with any permit terms. The provisions of Section 6513 of the Joint Powers Law are hereby incorporated into this Agreement. The Authority shall make such arrangements relative to the repayment or return to the Members of such contributions, payments and advances as are approved from time to time by the Board.

Any Member which fails to make or pay when due any required contribution, payment or advance to the Authority shall continue to be liable for its obligations under any contract with the Authority and for any unpaid contribution, payment or advance approved by the Board prior to such Member's exclusion and not objected to by such Member by written notice to the Authority within thirty (30) days after such approval.

7.2 Accounts and Reports. There shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any resolution, indenture or other instrument of the Authority securing its Indebtedness. The books and records of the Authority shall be open to inspection at all reasonable times by the Members and their representatives. The Authority shall give an audited written report of all financial activities for each Fiscal Year to the Members within one hundred eighty (180) days after the close of each Fiscal Year.

The Authority's Treasurer, as controller of the Authority, shall contract with a certified public accountant or public accountant to make an independent annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code, as amended from time to time, and shall conform to generally accepted auditing standards. When such an audit of an account and record is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each of the Members and with the county auditor of Riverside County. Such report shall be filed within six (6) months of the end of the Fiscal year under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants, in making an audit pursuant to this Section shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for the purpose.

7.3 Funds. Subject to the applicable provisions of any instrument or agreement which the Authority may enter into, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Authority's Treasurer shall receive, have the custody of and disburse Authority funds as nearly as possible in accordance with generally accepted accounting

practices, and shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

7.4 Annual Budget and Administrative Expenses. The Board shall prepare and adopt annual budgets for the Operations; provided, however, that the Board may, in its discretion, prepare and adopt budgets for the Operations covering two-year periods. The budgets may provide for administrative expenses, which shall include all expenses not included in any financing issue of the Authority.

ARTICLE 8

TERM; ADDITIONS; WITHDRAWALS; DISSOLUTION

8.1 Term. This Agreement shall become effective and the Authority will come into existence as a separate public agency on the Effective Date. The effective date shall be the date that the Agreement is approved by the last legislative body, either the VSD or the City, and such date shall be inserted in the first paragraph of this Agreement and this Agreement shall thereafter continue in full force and effect in perpetuity, unless earlier dissolved pursuant to Section 8.4 hereof.

8.2 Addition of Members. Public Agencies possessing one or more of the powers specified in the first paragraph of the recitals to this Agreement may be added as parties to this Agreement, and become Members, on terms and conditions as determined by the Board.

8.3 Withdrawal or Exclusion of a Member.

(a) Any Member may withdraw from the Authority upon the following conditions: (1) the Member shall have filed with the Board a certified copy of a resolution of its governing body expressing its desire to so withdraw at least six (6) months prior to the intended date of withdrawal; and (2) if the Authority, prior to the filing of such resolution, shall have incurred any obligation payable from contributions, payments or advances in accordance with Section 7.1 hereof, which obligation matures after the date of such filing, the withdrawing Member shall have paid, or made arrangements satisfactory to the Board to pay, to the Authority its pro rata portion of such obligation.

(b) Upon compliance with the conditions specified in Section 8.3(a) hereof, the withdrawing Member shall no longer be considered a Member for any reason or purpose under this Agreement and its rights and obligations under this Agreement shall terminate. The withdrawal of a Member shall not affect any obligations of such Member under any contract between the withdrawing Member and the Authority.

(c) Any Member which has (1) defaulted under a contract with the Authority, or (2) failed to pay any required contributions, payments or advances in accordance with Section 7.1 hereof, may have its rights under this Agreement terminated and may be excluded from participating in the Authority by a vote of a majority of the members of the Board voting on the matter (excluding from voting the member(s) of the Board, if any, representing the defaulting Member). Any excluded Member shall continue to be liable for its obligations under any contract with the Authority and for any unpaid contribution, payment or advance approved by

the Board if such unpaid contribution, payment or advance was approved prior to such Member's exclusion and was not objected to by such Member by written notice to the Authority within thirty (30) days after such approval.

No withdrawal from membership pursuant to Sections 8.3(a) and 8.3(b) hereof or exclusion from participation pursuant to Section 8.3(c) hereof shall constitute an amendment or modification of this Agreement for purposes of Section 9.5 hereof.

8.4 Dissolution. With the approval of the Board, the Authority maybe dissolved, if at the time of such dissolution the Authority has no Indebtedness outstanding and is not a party to any contract remaining in effect (unless adequate provision shall have been made for the discharge of such contract). Upon the dissolution or termination of the Authority, and after payment or provision for payment, all debts and liabilities, the assets of the Authority shall be distributed to the Members in such manner as shall be determined by the Board.

ARTICLE 9

MISCELLANEOUS PROVISIONS

9.1 Notices.

(a) Any notice demand or request to any Member provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person at the time of delivery or sent by registered or certified mail, postage prepaid, 48 hours after the deposit if the sender receives the return receipt, to the person designated by such Member upon the commencement of its membership in the Authority.

(b) A Member, at any time, by written notice to each other Member and the Authority, may designate different persons or different addresses for the giving of notices, demands or requests to it hereunder.

(c) Any notice, demand or request to the Authority provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to East Valley Reclamation Authority, 83-101 Avenue 45, Indio, CA 92201, or at the notice address most recently provided by said Member pursuant to this Section 9.1.

(d) The Authority may, at any time, by written notice to each Member, designate a different or additional person or a different address for giving notices, demands or requests to it hereunder.

9.2 Section Heading. All section headings in this Agreement are for convenience and reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

9.3 Further Assurances. Each Member agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

9.4 Law Governing. This Agreement is made in the State of California under the constitution and laws of the State of California, and is to be so construed.

Agreement Complete. The foregoing constitutes the full and complete Agreement of the Members. There are no oral understandings or agreements not set forth in writing herein.

9.5 Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contracts with the owners of Indebtedness issued or incurred by the Authority, or a Member or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all then-current Members either as required in order to carry out any of the provisions of this Agreement or for any other purpose.

9.6 Enforcement by Authority. The Authority is hereby authorized to pursue any or all legal or equitable remedies, including but not limited to injunction and specific performance, necessary or permitted by law or equity to enforce this Agreement.

9.7 Severability. In the event that any term, covenant or condition of this Agreement or the application of such term, covenant or condition shall be held invalid as to any person or circumstance by any court having jurisdiction in the premises, all other terms, covenants and conditions of this Agreement and their application shall not be affected thereby, but shall remain in full force and effect.

9.8 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Members. No Member may assign any right or obligation hereunder without the prior written consent of the other Members and any attempt to assign without such consent is null and void. The immediately preceding sentence shall not affect any right of assignment under any other contract between any Member and the Authority.

9.9 Execution of Counterparts. This Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as attested by their proper officers thereunto duly authorized, on the day and year first above set forth.

"VSD"

Valley Sanitary District

By: Joseph Bloutz

ATTEST:

Holly Arnold
Clerk of the Board

"City"

City of Indio

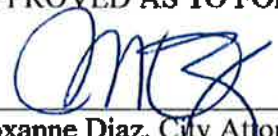
By: 

Michael Wilson, Mayor

ATTEST:


Cynthia Hernandez, City Clerk

APPROVED AS TO FORM:


Roxanne Diaz, City Attorney

UNOFFICIAL UNTIL APPROVED BY EVRA

**EAST VALLEY RECLAMATION AUTHORITY
JOINT POWERS AUTHORITY
JUNE 5, 2018
MINUTES**

Vice President William Teague called to order the regular meeting of the East Valley Reclamation Authority at 2:30 p.m. in the Council Chamber located at 150 Civic Center Mall, Indio, California.

1. ROLL CALL:

PRESENT: President Glenn Miller
Vice President William Teague
Secretary Michael Wilson
Treasurer Merritt Wiseman

2. PLEDGE OF ALLEGIANCE led by Michael Wilson, Secretary

3. PUBLIC COMMENT - NONE

4. CONSENT CALENDAR

- a. Minutes of December 5, 2017
- b. Warrants *Receive/File*

It was moved by Secretary Wilson, seconded by Treasurer Wiseman and unanimously carried to **ADOPT** the Consent Calendar as submitted.

5. ADMINISTRATIVE ITEMS:

- b. Fiscal Year 2017-18 Budget Report for the period July 1, 2017 to April 30, 2018 ***Receive/File***
(Note: There was a consensus of the Board to move this item up)
- a. Resolution adopting Fiscal Year 2018/19 Budget

Brian Kinder, IWA Manager of Finance & Customer Service, gave a PowerPoint presentation and reported on the budget for Fiscal Year 2018/19.

After discussion, it was moved by Secretary Wilson, seconded by Treasurer Wiseman and unanimously carried to **ADOPT** Resolution No. 2018-13 adopting the Fiscal Year 2018-2019 budget and authorizing expenditures and appropriations, to read as follows:

**2018-13 RESOLUTION OF THE EAST VALLEY RECLAMATION AUTHORITY ADOPTING
THE 2018-19 BUDGET AND AUTHORITY EXPENDITURES AND APPROPRIATIONS
RELATED THERETO**

6. GENERAL MANAGER'S REPORT

Joseph Glowitz, VSD General Manager and Brian Macy, IWA General Manager, reported on the following:

- a. Valley Sanitary District CIP and Plant Upgrade Project (*Joseph Glowitz*)
- b. Lobbying Report (*Joseph Glowitz*)
- c. Legislative Update (*Joseph Glowitz*)
- d. IWA 2018-19 Proposed Budget (*Brian Macy*)

7. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS

Vice President Teague had questions and IWA General Manager Macy answered. Discussion ensued.

8. ADJOURN

There being no further business to discuss, the meeting **ADJOURNED** at 3:07 p.m.

Respectfully submitted,

**MARIA YSIANO
SECRETARY/CLERK OF THE BOARD**

12-01-18 THRU 02-28-19
NO ACTIVITY

Warrant Register for East Valley Reclamation Authority

Approved by: 
Brian M. Kinder, Manager of Finance

Date: 2/28/ 2019



**SUBMITTAL TO THE JOINT POWERS AUTHORITY
EAST VALLEY RECLAMATION AUTHORITY**

Board of Directors Meeting
March 5, 2019

FROM: EVRA JPA Staff

SUBJECT: Fiscal Year 2017-18 Audited Financial Statements


RECOMMENDED MOTION: Receive and File

SUMMARY: The East Valley Reclamation Authority (EVRA) is required to have an independent auditor conduct a financial audit each fiscal year. For the fiscal year ended June 30, 2018, the firm of Lance, Soll & Lunghard LLP conducted the audit. It is their opinion that the annual financial reports present fairly in all material respects, the financial position of EVRA and the reports are in conformity with accounting principles generally accepted in the United States.

Financial Highlights

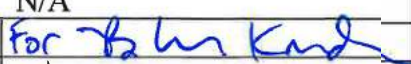

- Total Net Position for all EVRA funds totaled \$156,941, an increase of \$43,073 from the prior fiscal year.
- Non-Operating revenues totaled \$50,000, equal to the amount from the prior fiscal year.
- Operating expenses totaled \$6,809, a decrease of \$29,506 from the prior fiscal year.

The auditors had no findings for this fiscal year.


Prepared by:

Brian M. Kinder
IWA Manager of Finance &
Customer Service

	Account Number	Dollars
Costs associated with this action		\$0.00
Current Fiscal Year Budget		\$0.00

Legal Review		N/A
City of Indio Review	Gary Lewis	
Valley Sanitary District	Joe Glowitz	



EAST VALLEY RECLAMATION AUTHORITY

JUNE 30, 2018

FINANCIAL STATEMENTS

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EAST VALLEY RECLAMATION AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2018

EAST VALLEY RECLAMATION AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
Independent Auditors' Report	1
Basic Financial Statements:	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Basic Financial Statements	6
OTHER REPORTS	
Required Communication in Accordance with Statement on Auditing Standards No. 114.....	9
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Schedule of Findings	14



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
East Valley Reclamation Authority
Indio, California

Report on the Financial Statements

We have audited the accompanying financial statements of the East Valley Reclamation Authority (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Board of Directors of the
East Valley Reclamation Authority
Indio, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Indio Water Authority, as of June 30, 2018, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brea California
December 26, 2018

EAST VALLEY RECLAMATION AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2018

Assets:

Current Assets:

Cash and investments	\$ 157,761
Accounts receivable, net	<u>41</u>
Total Current Assets	<u>157,802</u>
Total Assets	<u>157,802</u>

Liabilities:

Current Liabilities:

Accounts payable	<u>861</u>
Total Current Liabilities	<u>861</u>
Total Liabilities	<u>861</u>

Net Position:

Unrestricted	<u>156,941</u>
Total Net Position	<u>\$ 156,941</u>

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

EAST VALLEY RECLAMATION AUTHORITY

**STATEMENT OF EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Operating Expenses:

General and administrative	\$ 6,809
Total Operating Expenses	6,809
Operating Loss	(6,809)

Nonoperating Revenues:

Investment earnings	(118)
Contributions from member agencies	50,000
Total Nonoperating Revenues	49,882

Change in Net Position	43,073
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Net Position at the Beginning of the Year	113,868
Net Position at the End of the Year	\$ 156,941

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

EAST VALLEY RECLAMATION AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows from Operating Activities:

Cash paid for general and administrative costs	\$ (19,674)
Net Cash Used for Operating Activities	<u>(19,674)</u>

Cash Flows from Non-Capital Financing Activities:

Contributions from member agencies	50,000
Net Cash Provided by Non-Capital Financing Activities	<u>50,000</u>

Cash Flows from Investing Activities:

Investment earnings	(118)
Net Cash Used for Investing Activities	<u>(118)</u>

Net Increase in Cash and Cash Equivalents	30,208
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Cash and Cash Equivalents, July 1	<u>127,553</u>
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Cash and Cash Equivalents, June 30	<u>\$ 157,761</u>
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Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating loss	\$ (6,809)
Adjustments to reconcile operating loss to net cash used for operating activities:	
(Increase) in accounts receivable	(41)
(Decrease) in accounts payable	<u>(12,824)</u>
Total Adjustments	<u>(12,865)</u>
Net Cash Used for Operating Activities	<u>\$ (19,674)</u>

Non-Cash Investing Activities:

Loss on investments	\$ (118)
---------------------	----------

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

EAST VALLEY RECLAMATION AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies

a. Organization

The East Valley Reclamation Authority (EVRA) was created in December 2013 by a Joint Exercise of Powers Agreement (Agreement) between the Valley Sanitary District (VSD) and the City of Indio through the Indio Water Authority (IWA).

The purpose of the EVRA is to develop and implement a planning, programming, funding, construction, and operation strategy for a joint reclaimed/recycled water facility which will provide either recycled water for non-potable use or treated water for groundwater replenishment, and to engage in any other transactions authorized by the Agreement.

According to the agreement, the VSD is responsible for wastewater treatment of municipal sewage as required by permit issued by the California Regional Water Quality Control Board and the IWA is responsible for the conveyance, distribution, and treatment of water necessary to comply with standards for potable use and groundwater replenishment.

The Board of Directors (Board) consists of four members. Two members are appointed by the legislative body of the VSD and two members are appointed by the legislative body of the IWA. Only currently active members of the legislative bodies of the City and VSD may be appointed to the Board. The Board is authorized to exercise those powers necessary or reasonably convenient to carry out the purposes of the Agreement. The President of the Board is selected from among the members of the Board and alternate each calendar year between VSD and the City. The President of the Board is the ex officio member of all standing committees and has the general powers and duties of management of the EVRA.

The Board may adopt, from time to time, such policies, procedures, bylaws, rules and regulations for the conduct of the EVRA's affairs as deemed necessary. The Agreement shall remain in effect unless the Board approves the dissolution of the EVRA. However, the Agreement may not be terminated, and no Member Agency may withdraw its membership until all outstanding obligations of the EVRA have been paid in full or provision has been made for payment in full. In the event of dissolution or termination of the EVRA, the assets of the EVRA shall be distributed to the Members in such manner as shall be determined by the Board.

The books and records for EVRA are maintained by the Indio Water Authority Finance Department at 83101 Avenue 45, Indio, California 92201.

b. Measurement Focus and Basis of Accounting

EVRA reports its activities as an enterprise fund, which is used to account for operations that are financed and conducted in a manner similar to a private business enterprise, wherein the intent of EVRA is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The user charges will primarily consist of charges for operation and maintenance costs which will also include any ongoing costs to lease or purchase real property to accommodate the reclaimed/recycled water facility.

An enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position reflects revenues in the accounting period in which they are earned and expenses are recognized in the period incurred.

EAST VALLEY RECLAMATION AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability.

c. Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and may include amounts based on estimates and assumptions by management. Actual results could differ from those amounts reported.

d. Capital Assets

Capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of the acquisition. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

The following schedule summarizes capital asset useful lives:

Machinery, equipment and vehicles	3-20 years
Improvements	40 years
Infrastructure	40 years
Water walls and pumps	70 years

Depreciation is computed using the straight-line method over the estimated useful life of the asset in the financial statements.

e. Net Position

Governmental Accounting Standards Board (GASB) Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis.

Net Position is divided into three captions under GASB Statement No. 63. These captions apply only to Net Position as determined at the government-wide and proprietary fund level, and are described below:

Net Investment in Capital Assets describes the portion of net position, which is represented by the current net book value of the EVRA's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the EVRA cannot unilaterally alter. These principally include charges for services and contribution from members received for use on capital projects and debt service requirements.

Unrestricted describes the portion of net position which is not restricted as to use.

EAST VALLEY RECLAMATION AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2018**

Note 2: EVRA Project and Financing

The EVRA was created to develop and implement a planning, programming, funding, construction, and operation strategy for a joint reclaimed/recycled water facility which will provide either recycled water for non-potable use or treated water for groundwater replenishment.

The EVRA is currently in the planning stages of the reclaimed/recycled water facility project, and is focusing on joining a recycled water association for increased collaboration and a reclaimed water project, and seeking grant funding for future projects. The IWA and the VSD are each responsible for 50% of the EVRA's costs and expenses, except that VSD is responsible for 100% of the costs and expenses associated with the design and construction of facilities for VSD's compliance with any permit terms. There are currently no ongoing projects or budgets for projects.

Note 3: Cash and Investments

EVRA's funds are included as part of the City of Indio Water Authority's cash. EVRA currently does not have any investments. The EVRA has \$157,761 invested in the City's pooled cash fund. Future EVRA investments may be deposited within the City of Indio's investment portfolio and will be subject to the City's investment policy. Disclosures regarding the City's investment portfolio are included in the City's Comprehensive Annual Financial Report.

Note 4: Member Contributions

Members paid the following amounts during the fiscal year ended June 30, 2017:

<u>Member</u>	<u>Contributions from Member Agencies</u>
City of Indio through the Indio Water Authority	\$ 25,000
Valley Sanitary District	25,000
Totals	<u>\$ 50,000</u>

Note 5: Commitments and Contingencies

In the normal course of operations, the members have been subjected to certain routine litigation matters which are relevant to EVRA. The ultimate outcome of these lawsuits is not presently determinable; however, in the opinion of management, the amount of losses that might be sustained, if any, would not materially affect the financial position of EVRA.



December 21, 2018

To the Board of Directors
East Valley Reclamation Authority
Indio, California

We have audited the financial statements of the East Valley Reclamation Authority for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2017-2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.





To the Board of Directors
East Valley Reclamation Authority
Indio, California

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 26, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2017-2018 audit:

GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.

GASB Statement No. 81, Irrevocable Split Interest Agreements.

GASB Statement No. 85, Omnibus 2017.

GASB Statement No. 86, Certain Debt Extinguishment Issues.



To the Board of Directors
East Valley Reclamation Authority
Indio, California

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2018-2019

GASB Statement No. 83, *Certain Assets Retirement Obligations*.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.

Fiscal year 2019-2020

GASB Statement No. 84, *Fiduciary Activities*.

Fiscal year 2020-2021

GASB Statement No. 87, *Leases*.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of East Valley Reclamation Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brea, California
December 26, 2018



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

To the Board of Directors
East Valley Reclamation Authority
City of Indio, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Valley Reclamation Authority (the "Authority"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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





To the Board of Directors
East Valley Reclamation Authority
City of Indio, California

Purpose of this Report

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

Lance, Soll & Lughard, LLP

Brea, California
December 21, 2018

EAST VALLEY RECLAMATION AUTHORITY

**SCHEDULE OF FINDINGS
JUNE 30, 2018**

SECTION I – CURRENT YEAR FINDINGS

No matters were reported.

SECTION II – PRIOR YEAR FINDINGS

No matters were reported.

Joe Glowitz
Valley Sanitary District
General Manager



Gary Lewis
Indio Water Authority
Interim General Manager

March 5, 2019

Honorable Board of Directors
East Valley Reclamation Authority
45-500 Van Buren Street
Indio, CA 92201

SUBJECT: FY 2018-19 Second Quarter Budget Report

Board members:

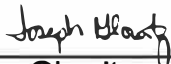
The attached quarterly budget report summarizes EVRA's financial condition as of the second quarter of FY 2018-19. Financial analyses in this report are provided for the fiscal year ending 2017-18 and for the second quarter of FY 2018-19, including revenues and expenditures for each fiscal year. Overall revenues are on target and there have been no expenditures to date.

EVRA is looking forward to an eventful fiscal year 2018-19. EVRA will aggressively explore grant funding for upcoming projects that will allow for reclaimed/recycled water in the City of Indio, and evaluate goals and opportunities of the EVRA along with key strengths of each agency to allow for increased efficiency and synergy.


Included attachments:
ATTACHMENT A – Revenue and Expenditure Summary

IT IS RECOMMENDED that the EVRA Board of Directors receive and file this report along with Attachment A.

Respectfully submitted,



Joe Glowitz,
Valley Sanitary District
General Manager



Gary Lewis,
Indio Water Authority
Interim General Manager



**SUBMITTAL TO THE JOINT POWERS AUTHORITY
EAST VALLEY RECLAMATION AUTHORITY**

Board of Directors Meeting
March 5, 2019

FROM: EVRA JPA Staff

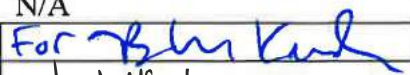
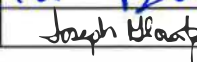
SUBJECT: Fiscal Year 2018-19 Second Quarter Budget Report

RECOMMENDED MOTION: Receive and File

SUMMARY: The fiscal year 2018-19 budget for the EVRA was adopted on June 5, 2018. Quarterly reports will be presented to the Board for review and approval for periods ending on July 30, December 31, and March 30. This report is for the time period of July 1, 2016 to December 31, 2018.


Prepared by:
Gary Lewis

	Account Number	Dollars
Costs associated with this action		\$0.00
Current Fiscal Year Budget		\$0.00

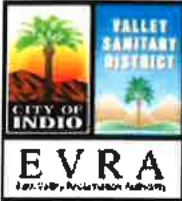
Legal Review		N/A
City of Indio Review	Gary Lewis	
Valley Sanitary District Review	Joseph Glowitz	



EAST VALLEY RECLAMATION AUTHORITY

Fiscal Year 2018-2019 Budget Report Revenue and Expenditure Summary from July 1, 2018 to December 31, 2018

	Budget FY 2018-19	Year to Date as of December 31, 2018
REVENUE		
Indio Water Authority	\$ 25,000	\$ 25,000
Valley Sanitary District	<u>25,000</u>	<u>-</u>
 Total Revenue	 \$ 50,000	 \$ 25,000
REVENUE SUMMARY		
<u>Source of Funds</u>		
Program Revenue	\$ 50,000	\$ 25,000
Prior Year Fund Balance	100,182	156,941
Interest	-	-
Reserve	<u>-</u>	<u>-</u>
Total Revenue	\$ 150,182	\$ 181,941
EXPENSES / USE OF FUNDS		
Board Stipends	\$ 2,400	-
Professional Services/ Legal Services	10,000	-
Feasibility Study	75,000	-
Audit Fees	3,500	-
Travel and Training	10,000	-
Dues and Publications	2,000	-
Office Supplies	<u>600</u>	<u>-</u>
Total Expenditures	\$ 103,500	\$ -
 Estimated Total Liabilities & Fund Equity	 \$ 46,682	 \$ 181,941
 Estimated Unrestricted Cash Balance	 \$ 46,682	 \$ 181,941
Estimated Restricted Cash Balance	-	-



**SUBMITTAL TO THE JOINT POWERS AUTHORITY
EAST VALLEY RECLAMATION AUTHORITY**

**Board of Directors Meeting
March 5, 2019**

FROM: EVRA JPA Staff

SUBJECT: Appointment of East Valley Reclamation Authority Clerk

RECOMMENDED MOTION: Adopt Resolution of the East Valley Reclamation Authority, appointing a Clerk of the Board.

SUMMARY: To facilitate the duties of the East Valley Reclamation Authority, the Board appoints a Clerk of the Board in accordance with Section 4.2 and 4.3 of the Joint Power Agreement. The City of Indio City Clerk staff has fulfilled the role for the past two fiscal years. Staff recommends that the Board appoint Holly Evans of Valley Sanitary District as Clerk of the Board. If approved, Holly Gould will serve as Clerk of the Board from March 5, 2019 through December 31, 2019.

Prepared by: Gary Lewis

Attachment: Clerk Appointment Resolution

	Account Number	Dollars
Costs associated with this action		\$0
Current Fiscal Year Budget		\$0

Legal Review	N/A	
City of Indio Review	Gary Lewis	For Bill K...
Valley Sanitary District Review	Joseph Glowitz	Joseph Glowitz

RESOLUTION NO. 2019 - ____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EAST VALLEY RECLAMATION AUTHORITY APPOINTING A
CLERK OF THE BOARD**

WHEREAS, the East Valley Reclamation Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code (the "Act") pursuant to that certain Joint Exercise of Powers Agreement, dated as of December 18, 2013, (the "Joint Powers Agreement"), by and between the City of Indio (the "City") and the Valley Sanitary District (the "District");

WHEREAS, the Board of the Authority desires to appoint a "Clerk of the Board" to carry out the administrative and secretarial functions of the East Valley Reclamation Authority;

NOW, THEREFORE, THE EAST VALLEY RECLAMATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Authority hereby appoints Holly Evans as Clerk of the Board of the East Valley Reclamation Authority until December 31, 2019.

Section 3. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED this 5th day of March 2019, by the following roll call vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

, President

ATTEST:

Maria Ysiano, Secretary/Clerk of the Board