



East Valley Reclamation Authority Meeting
Monday, April 26, 2021 at 1:00 PM
Valley Sanitary District
45-500 Van Buren Street, Indio, CA 92201

*****SPECIAL NOTICE – VIA VIDEOCONFERENCE*****

Pursuant to the Governor’s Executive Order N-25-20 issued on March 4, 2020 and N-29-20 issued on March 18, 2020; the East Valley Reclamation Authority meeting will be conducted remotely through Zoom. **Members of the public wanting to participate in the open session of the meeting may do so via the following Zoom registration link:** <https://zoom.us/j/94131844277> Meeting ID:941 3184 4277 or by calling 669-900-9128 or 253-215-8782. The following commands can be used on your phone’s dial pad while in Zoom meeting: *6 – Toggle mute/unmute, *9 – Raise hand. Members of the public wanting to address the Board, either during public comment or for a specific agenda item, or both, are requested to send an email notification no later than 12:30 p.m. on the day of the meeting to the East Valley Reclamation Authority’s Clerk of the Board at hgould@valley-sanitary.org.

Page

1. CALL TO ORDER

- 1.1. Roll Call
- 1.2. Pledge of Allegiance

2. PUBLIC COMMENT

This is the time set aside for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.

3. CONSENT CALENDAR





Consent calendar items are expected to be routine and noncontroversial, to be acted upon by the Board of Directors at one time, without discussion. If any Board member requests that an item be removed from the consent calendar, it will be removed so that it may be acted upon separately.

- 3.1. Minutes of December 2, 2020 Meeting

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[3.1 Dec 2 2020 EVRA Minutes.pdf](#)

4. NON-HEARING ITEMS

- 4.1. Fiscal Year 2019/20 Audited Financial Statements Final 6 - 23
[4.1 EVRA FY2019-20 Financial Statements Staff Report Final.pdf](#) 
- 4.2. Fiscal Year 2020/21 Midyear Budget Report Final 24 - 26
[4.2 EVRA FY20-21 Midyear Budget Report Final.pdf](#) 
- 4.3. Favorable Results of the Subsurface Geophysical Survey
Resulting in Feasible Groundwater Injection Options and Staff
Recommendation on Next Steps to Further Develop the EVRA
Recycled Water Project 27 - 52
[4.3 EVRA Subsurface Geophysical Results & Recommendation.pdf](#) 
[4.3 Recycled Water Project Update.pdf](#) 

5. GENERAL MANAGERS' REPORTS

6. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS

7. ADJOURN

Pursuant to the Brown Act, items may not be added to this agenda unless the Secretary to the Board has at least 72 hours advance notice prior to the time and date posted on this notice.

UNOFFICIAL UNTIL APPROVED BY EAST VALLEY RECLAMATION AUTHORITY
EAST VALLEY RECLAMATION AUTHORITY

**REGULAR MEETING
DECEMBER 2, 2020
MINUTES**

The East Valley Reclamation Authority conducted this meeting via videoconference in accordance with California Governor Newsom's Executive Orders N-29-20 and COVID-19 protocols.

President Glenn Miller called to order the Regular Meeting of the East Valley Reclamation Authority at 1:03 p.m.

1. CALL TO ORDER

1.1 Roll Call

Directors Present: President Glenn Miller (*City of Indio*)
Vice President Dennis Coleman (*Valley Sanitary District*)
Secretary Elaine Holmes (*City of Indio*)
Treasurer William Teague (*Valley Sanitary District*)

Staff Present: Beverli A. Marshall – General Manager, *Valley Sanitary District*
Trish Rhay – General Manager, *Indio Water Authority*
Holly Gould – EVRA Clerk of the Board, *Valley Sanitary District*
Ron Buchwald – Engineering Services Manager, *Valley Sanitary District*
Reymundo Trejo – Assistant General Manager, *Indio Water Authority*
Brian Kinder – Manager of Finance & Customer Service, *Indio Water Authority*
Mario Camacho – Associate Water Engineer, *Indio Water Authority*
Ramon Gonzalez – Associate Water Engineer, *Indio Water Authority*

Guests Present: Brian Villalobos, Geoscience Support Services, Inc.
Logan Wicks, Geoscience Support Services, Inc.

1.2 Pledge of Allegiance

2. PUBLIC COMMENT - NONE.

3. CONSENT CALENDAR

3.1 Minutes of July 20, 2020

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

4. ADMINISTRATIVE ITEMS

4.1 Adopt Resolution 2020-18 Appointing Clerk of Board **Recommendation:** Approve

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. Staff recommends that the Board appoint Holly Gould of Valley Sanitary District as Clerk of the Board effective January 1, 2021, and that all administrative duties remain with Valley Sanitary District.

It was moved by Vice President Coleman, seconded by Secretary Holmes, and unanimously carried to **ADOPT** Resolution 2020-18 appointing Holly Gould as Clerk of the Board for the East Valley Reclamation Authority effective January 1, 2021.

4.2 Approve an Amendment to the Professional Services Agreement with Geoscience in the amount of \$90,000 to provide subsurface geophysical survey and analysis to determine if subsurface structures (i.e., fault) exist and where they might be to assist with the injection feasibility study to augment the groundwater supply in the Indio Subbasin for a total revised amount not to exceed \$176,824 and authorize the City Manager to execute the amendment. **Recommendation:** Approve

Reymundo Trejo, Indio Water Authority, and Brian Villalobos of Geoscience Support Services, inc. presented the findings of Phase 1 of the feasibility study that was approved at the July 20, 2020 EVRA meeting determining the spreading and injection possibilities at the Valley Sanitary District (VSD) site. The determination made by Geoscience was that spreading was not a feasible option at the VSD site and injection would be the effective means of augmenting the basin with highly treated effluent reuse water. The Geoscience team recommends a subsurface geophysical survey to collect data that may confirm the presence of a fault underneath the proposed injection site at VSD. If a fault exists, it may preclude the construction of an injection well that can effectively inject treated water at the VSD site. The risk of drilling and collecting samples and downhole logging of an exploratory boring without the survey is that a fault may be present and could result in collecting data that is not applicable to design of the injection well. The cost for the drilling of a borehole is estimated to be approximately \$350,000. It is recommended to approve an amendment to the current Geoscience contract in the amount of \$90,000, to provide a Geophysical Survey. Once Geophysical Survey results confirm no fault is present, Geoscience will continue with scope of work items 2 and 3.

It was moved by Vice President Coleman, seconded by Treasurer Teague, and unanimously carried to **APPROVE** an amendment to the Professional Services Agreement with Geoscience in the amount of \$90,000 to provide subsurface geophysical survey and analysis to determine if subsurface structures (i.e., fault) exist and where they might be to assist with the injection feasibility study to augment the groundwater supply in the Indio Subbasin for a total revised amount not to exceed \$176,824 and authorize the City Manager to execute the amendment.

5. GENERAL MANAGERS' REPORT

Trish Rhay, IWA, informed the board that in October she took this project to the council and received their full approval. The Reclaimed Water project is now added into IWA's 20-year financial plan and in their budget. She expressed her appreciation for the staff of IWA and

VSD working together on this project.

Beverli Marshall, Valley Sanitary District, updated the EVRA board on Phase I of the District's plant expansion. The project has been renamed Reclaimed Water Project Phase I which may provide additional funding opportunities for the project. Ms. Marshall stated that VSD staff has really enjoyed working with IWA on this project.

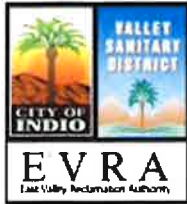
6. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS

The members expressed their pleasure of how both staff from IWA and VSD are working on this project. They thanked staff and Geoscience for a great report and outstanding presentation.

7. ADJOURN

There being no further business to discuss, the meeting **ADJOURNED** at 1:55 p.m.

Holly Gould
EVRA Clerk of the Board
Approved:



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

Board of Directors Meeting
April 26, 2021

FROM: EVRA JPA Staff

SUBJECT: Fiscal Year 2019-20 Audited Financial Statements

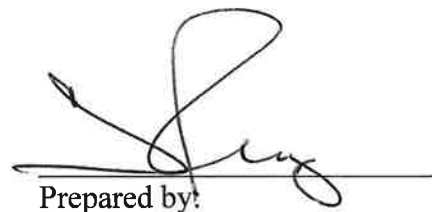
RECOMMENDED MOTION: Receive and File

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, 2020, 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

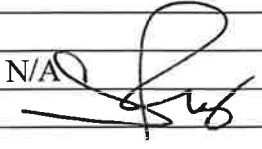
- Total Net Position for all EVRA funds totaled \$259,853, an increase of \$54,263 from the prior year.
- Revenues from member contributions totaled \$50,000, equal to the amount from the prior year.
- Revenues from investment earnings totaled \$5,550, an increase of \$2,929 from the prior year.
- Operating expenses totaled \$1,287, a decrease of \$2,686 from the prior fiscal year.

The auditors had no findings for this fiscal year.


 Prepared by:

Trish Rhay
IWA General Manager

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

Legal Review		N/A 
City of Indio Review	Trish Rhay	
Valley Sanitary District	Beverli Marshall	



EAST VALLEY RECLAMATION AUTHORITY

JUNE 30, 2020

FINANCIAL STATEMENTS

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EAST VALLEY RECLAMATION AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2020

EAST VALLEY RECLAMATION AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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, 2020, 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
East Valley Reclamation Authority
Indio, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Valley Reclamation Authority as of June 30, 2020, 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 January 6, 2021 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.

A handwritten signature in cursive script that reads "Lane, Soll & Lughard, LLP".

Brea, California
January 6, 2021

EAST VALLEY RECLAMATION AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2020

Assets:	
Current Assets:	
Cash and investments	\$ 259,603
Accounts receivable, net	<u>250</u>
Total Assets	<u>259,853</u>
Net Position:	
Unrestricted	<u>259,853</u>
Total Net Position	<u>\$ 259,853</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, 2020**

Operating Expenses:

General and administrative	\$ 1,287
Total Operating Expenses	<u>1,287</u>
Operating Loss	<u>(1,287)</u>

Nonoperating Revenues:

Investment earnings	5,550
Contributions from member agencies	<u>50,000</u>
Total Nonoperating Revenues	<u>55,550</u>
Change in Net Position	54,263

Net Position at the Beginning of the Year	<u>205,590</u>
Net Position at the End of the Year	<u><u>\$ 259,853</u></u>

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, 2020**

Cash Flows from Operating Activities:

Cash paid for general and administrative costs	\$ (1,513)
Net Cash Used for Operating Activities	<u>(1,513)</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	5,549
Net Cash Used for Investing Activities	<u>5,549</u>
Net Increase in Cash and Cash Equivalents	54,036

Cash and Cash Equivalents, July 1	205,567
Cash and Cash Equivalents, June 30	<u>\$ 259,603</u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating loss	\$ (1,287)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Decrease in accounts receivable	81
(Decrease) in accounts payable	<u>(307)</u>
Total Adjustments	<u>(226)</u>
Net Cash Used for Operating Activities	<u>\$ (1,513)</u>

Non-Cash Investing Activities:

Unrealized gain on investments	\$ 5,549
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The notes to financial statements are an integral part of this statement.

EAST VALLEY RECLAMATION AUTHORITY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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.

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, 2020

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 \$259,834 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, 2020:

<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.



January 6, 2021

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

We have audited the financial statements of the East Valley Reclamation Authority (the "Authority") for the year ended June 30, 2020. 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 January 6, 2021. 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 2019-2020. 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. 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 January 6, 2021.

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.

Other Matters

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2019-2020 audit:

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*

The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years and should be reviewed for proper implementation by management:

Fiscal year 2021

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.



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

Fiscal year 2022

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the 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,

A handwritten signature in cursive script that reads "Lance, Solt & Loughard, LLP".

Brea, California



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
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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 6, 2021.

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) as a basis for designing 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 financial statements. 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
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.

Lane, Soll & Lughard, LLP

Brea, California
January 6, 2021

EAST VALLEY RECLAMATION AUTHORITY

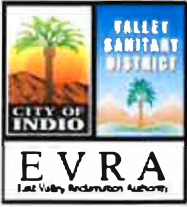
**SCHEDULE OF FINDINGS
JUNE 30, 2020**

SECTION I – CURRENT YEAR FINDINGS

No matters were reported.

SECTION II – PRIOR YEAR FINDINGS

No matters were reported.



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

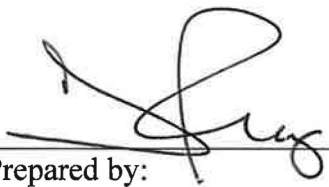
Board of Directors Meeting
April 26, 2021

FROM: EVRA JPA Staff

SUBJECT: Fiscal Year 2020-21 Midyear Budget Report


RECOMMENDED MOTION: Receive and File

SUMMARY: The fiscal year 2020-21 budget for the EVRA was adopted on June 8, 2020. A Midyear Budget Report is presented to the Board for review and approval for period ending December 31, 2020.


 Prepared by:

Trish Rhay
IWA General Manager

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

Legal Review		N/A 
City of Indio Review	Trish Rhay	
Valley Sanitary District	Beverli Marshall	

Beverli Marshall
Valley Sanitary District
General Manager



Trish Rhay
Indio Water Authority
General Manager

April 26, 2021

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

SUBJECT: FY 2020-21 Midyear Budget Report

Board members:

The attached Midyear FY2020-21 Budget Report summarizes EVRA's financial condition as of December 31, 2020.

EVRA is looking forward to a productive fiscal year 2020-21. EVRA will continue to proactively explore available grant funding opportunities for projects that promote the recharging of the underground acetifier. This includes projects that increase the spreading and injection capabilities of ultra purified waste water to augment the groundwater supply.

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,

Beverli Marshall,
Valley Sanitary District
General Manager

Trish Rhay,
Indio Water Authority
General Manager



**EAST VALLEY
RECLAMATION AUTHORITY**

**Fiscal Year 2019-2020
Budget Report**

**Revenue and Expenditure Summary
from July 1, 2020 to December 31, 2020**

	Budget FY 2020-21	Year to Date as of December 31, 2020
REVENUE		
Indio Water Authority	\$ 31,928	\$ 31,928
Valley Sanitary District	<u>31,928</u>	<u>31,928</u>
 Total Revenue	 \$ 63,855	 \$ 63,855
REVENUE SUMMARY		
<u>Source of Funds</u>		
Program Revenue	\$ 63,855	\$ 63,855
Prior Year Fund Balance	257,145	257,145
Interest	-	1,102
Reserve	<u>-</u>	<u>-</u>
Total Source of Funds	\$ 321,000	\$ 322,102
<u>EXPENSES / USE OF FUNDS</u>		
Board Stipends	\$ 2,400	831
Professional Services/ Legal Services	10,000	-
Feasibility Study	300,000	47,470
Audit Fees	3,500	2,920
Travel and Training	2,500	-
Dues and Publications	2,000	-
Office Supplies	<u>600</u>	<u>-</u>
Total Expenditures	\$ 321,000	\$ 51,220
 Estimated Total Liabilities & Fund Equity	 \$ -	 \$ 270,881
 Estimated Unrestricted Cash Balance	 \$ -	 \$ 270,881
Estimated Restricted Cash Balance	-	-



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

Board of Directors Meeting
April 26, 2021

FROM: EVRA JPA Staff

SUBJECT: Favorable results of the subsurface geophysical survey resulting in feasible groundwater injection options. Staff recommendation on next steps to further develop the EVRA recycled water project.

RECOMMENDED MOTION: That the East Valley Reclamation Authority (EVRA) Board authorize staff to meet with the Regional Water Quality Control Board and the State Water Resources Control Board to present the EVRA Reuse Project and determine permitting requirements related to Injecting Recycled Water in the basin.

SUMMARY: The EVRA seeks to make beneficial use of a local water reuse program by utilizing treated effluent from the Valley Sanitary District treatment facility, which would normally be lost downstream, to recharge the local groundwater basin. On July 20, 2020, the EVRA board approved an agreement with Geoscience for a not-to-exceed amount of \$86,824. On December 2, 2020, the Board authorized an amendment with Geoscience to include a geophysical survey and analysis to determine if subsurface structures (i.e., fault) exist at the VSD site.

Summary of Geophysical Survey Results:


The results of the survey indicate that well injection appears to be feasible at the VSD site. The following are the key findings:

- Fault traces appear to stop ~150 bgs indicating no recent activity along traces
- Locate Injection Well(s) east of the zone of faulting
- Fault splays seem to be minor (few inches to a few feet thick), will likely not act as complete groundwater barriers
- Most of the faulting occurs under the northeastern portion of the VSD leaving most of the southwestern portion open for future exploration

(continued on next page)

Prepared by:
Reymundo Trejo, PE
IWA Assistant General Manager

JPA Member's Review		
City of Indio Review	Trish Rhay IWA General Manager	

Valley Sanitary District Review	Beverli Marshall General Manager	
Financial Review	Brian Kinder IWA Manager of Finance & Customer Service	

Recommended Next Steps

With the geophysical survey complete, the siting and drilling of a bore hole is the remaining scope to the Geoscience contract. However, staff and Geoscience discussed the next steps as they relate to the development of Indirect Potable Reuse (IPR) projects. The team recommends postponing the bore drilling phase at this time due to several unknown factors related to retention time. Retention time is the amount of time that highly treated recycled water must remain in the groundwater prior to migrating and traveling to the nearest potable well. The State of CA Division of Drinking Water will consider the results of groundwater modeling as an initial estimate of recycled water travel time for considering potential project impacts.

The team sees value in facilitating a project overview meeting with the two regulatory agencies that permit projects that inject highly treated recycled water into the groundwater. Staff recommends that the East Valley Reclamation Authority (EVRA) Board agree to a meeting with the Regional Water Quality Control Board (RWQCB) and the State Water Resources Control Board (SWRCB) to discuss the EVRA Recycled Water Project. The purpose of the meeting is to seek input from the regulators and understand the technical requirements such as a groundwater model, a salt nutrient management plan, and any specific studies necessary for a full-scale project approval. This meeting will help the team further refine a program development work-plan, supported by the permitting agencies, and will ensure that EVRA’s program development expenditures align with the permitting requirements.

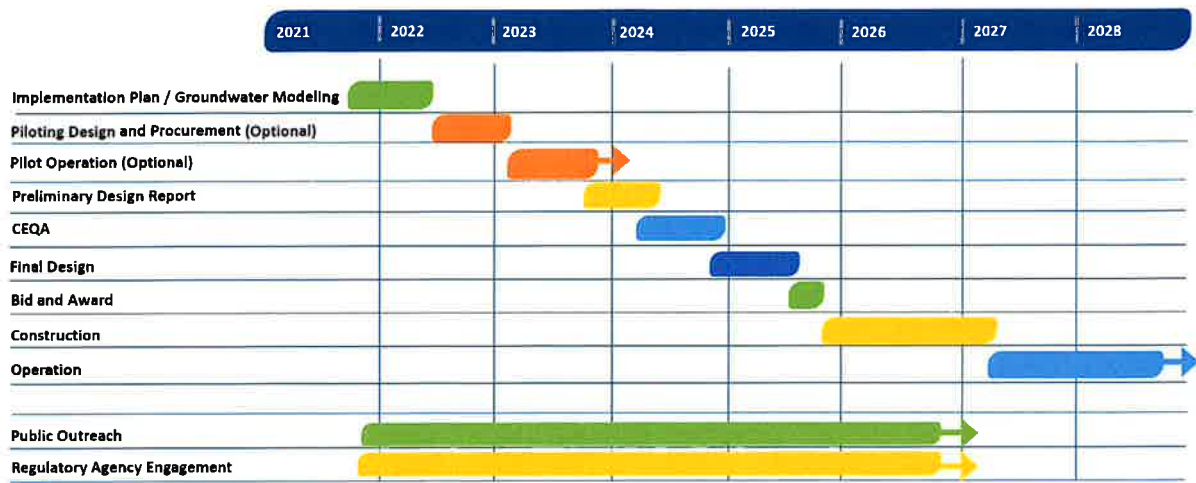
Budget Recommendations for FY 2021-2022

As we prepare for the next Fiscal Year 2021-2022, staff recommends a combined budget of \$400,000. This would include \$200,000 from each agency (VSD and IWA). The proposed budget will facilitate the following project development costs anticipated in the coming year:

- Professional Services for Groundwater Modeling
- Professional Services Technical Advisor to facilitate RWQCB and SWRCB Permit Coordination, and Assist in Drafting Program Outreach Approach

Program Schedule

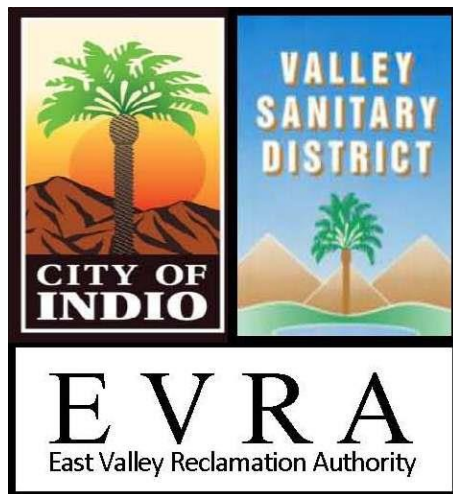
The following is the program level schedule for the full scale recycled water project. The schedule below takes into account the recommendations made in this staff report.



ENVIRONMENTAL IMPACT: Currently, this project phase is for research, planning, and preliminary design services. Staff will address environmental impacts before any construction-type activities takes place.

FINANCIAL ANALYSIS:
No Impact to the current FY 2020-21 Budget

ATTACHMENT:
N/A



Recycled Water Project Update

4/26/2021

Agenda

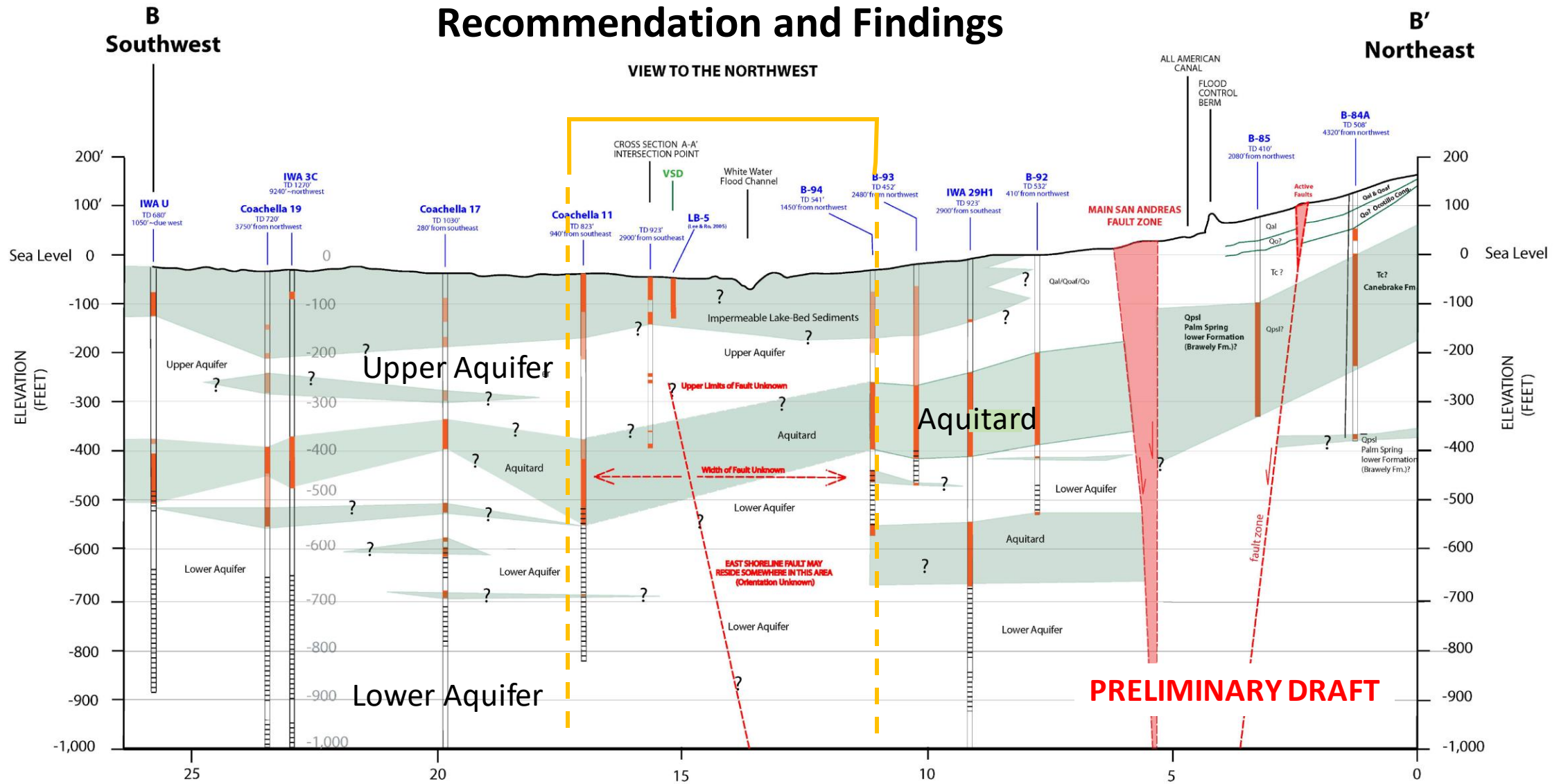
- Background
- Geophysical Survey
- Next Steps Discussion
- Recommendations

Background

- 7/2020 - Geoscience agreement approved
- 10/2020 - Draft Technical Memorandum
- 11/2020 - Final Technical Memorandum
- Last EVRA meeting on December 2, 2020 Geophysical Survey Approved
 - Geophysical Surveys Completed between January 27th and February 9th

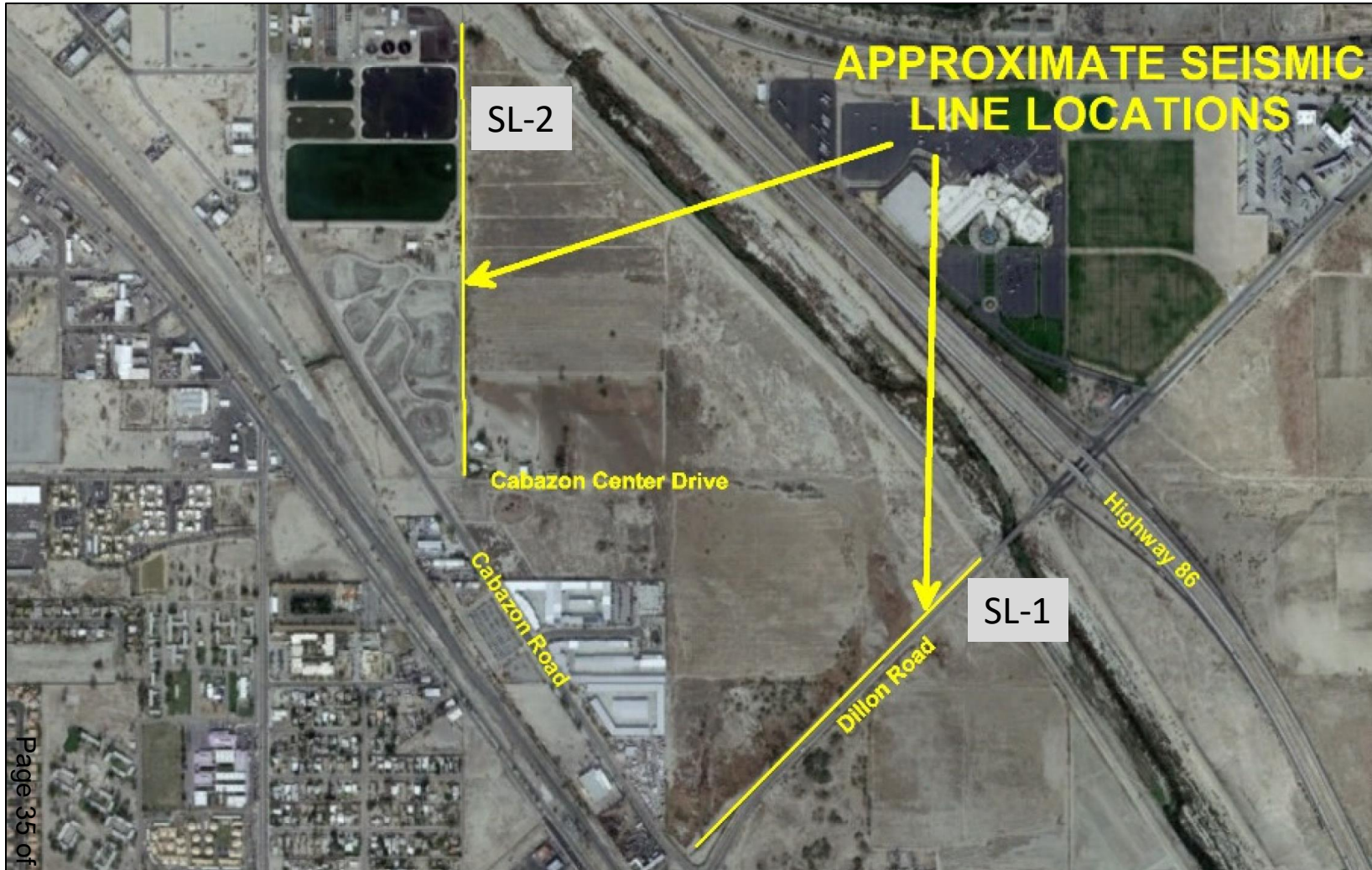
Geophysical Survey Results

Recommendation and Findings



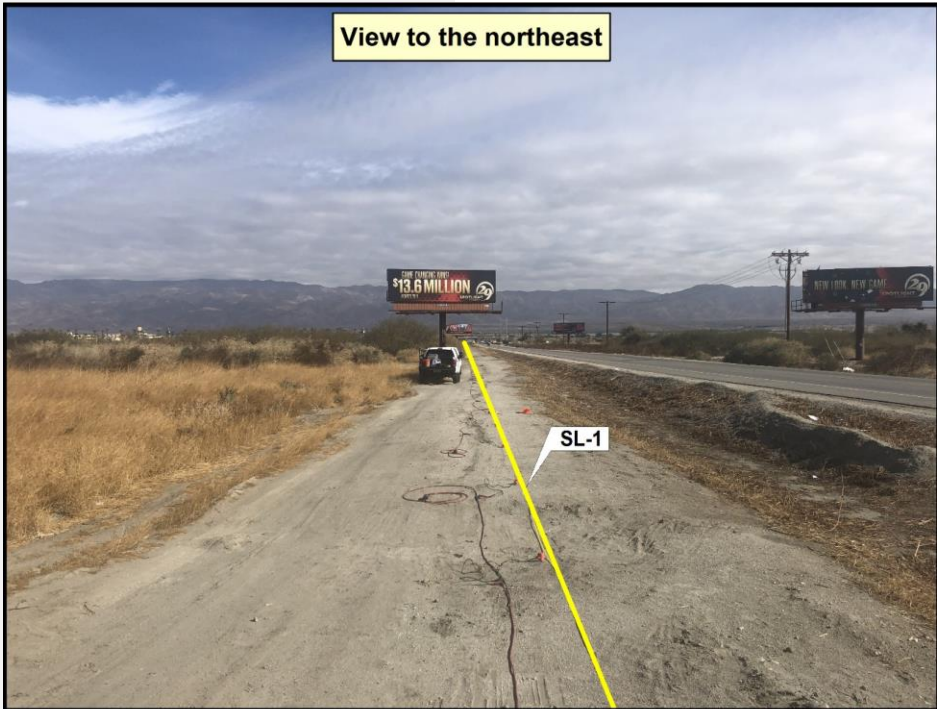
Cross-Section B-B' provided evidence of a potential blind fault or steeper dipping beds due to offset from B-94 to Coachella 11

Geophysical Survey Results

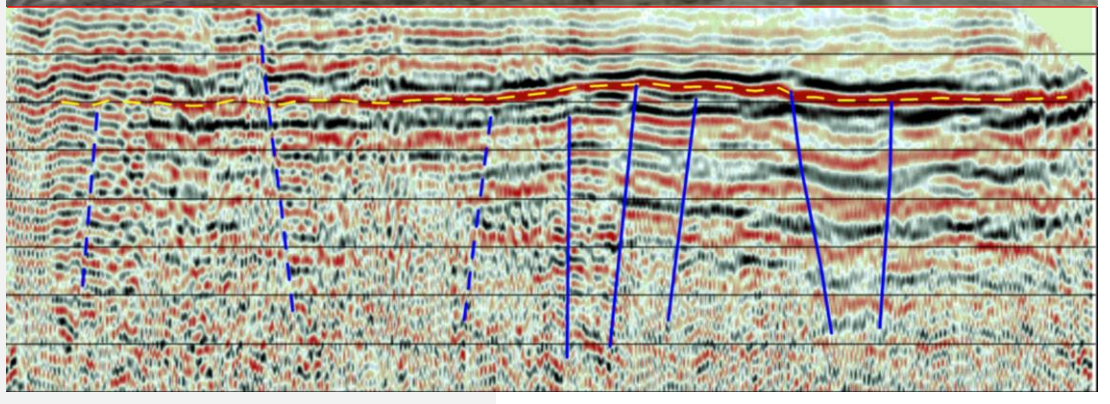
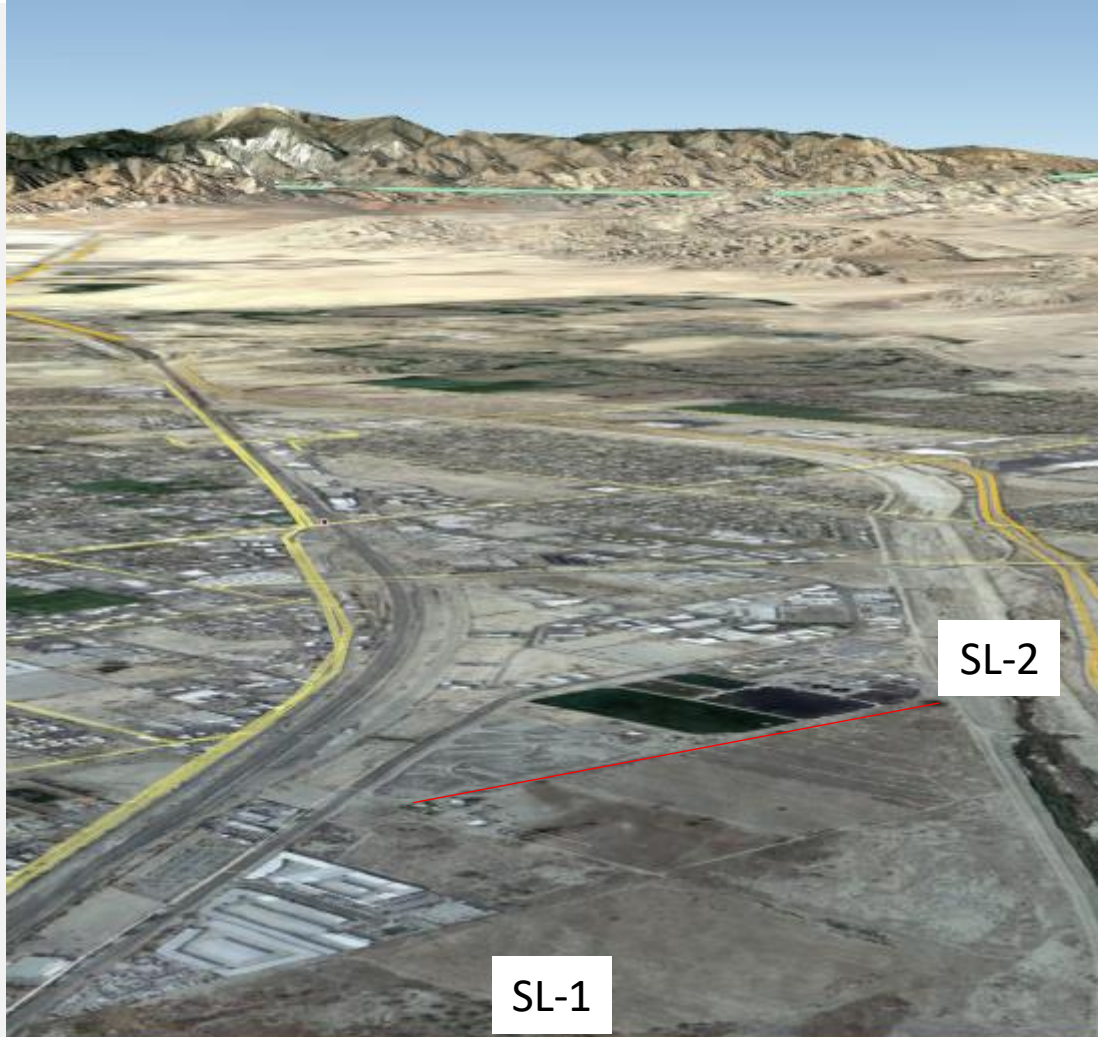


- Atlas Geophysical used seismic reflection/refraction to measure the varying velocities down to ~500 – 675 ft bgs.
- Geophones were spaced 10 ft apart for a total length of 1,190 ft
- They used the “roll along” method to collect the data over the entire length of the survey
- Subsurface geophysical survey SL-1 was performed parallel to Dillon Road (approximately perpendicular to faulting).
- SL-2 was performed along the eastern property boundary of VSD (approximately oblique to faulting).
- These two lines assisted in identifying subsurface structure(s) near VSD

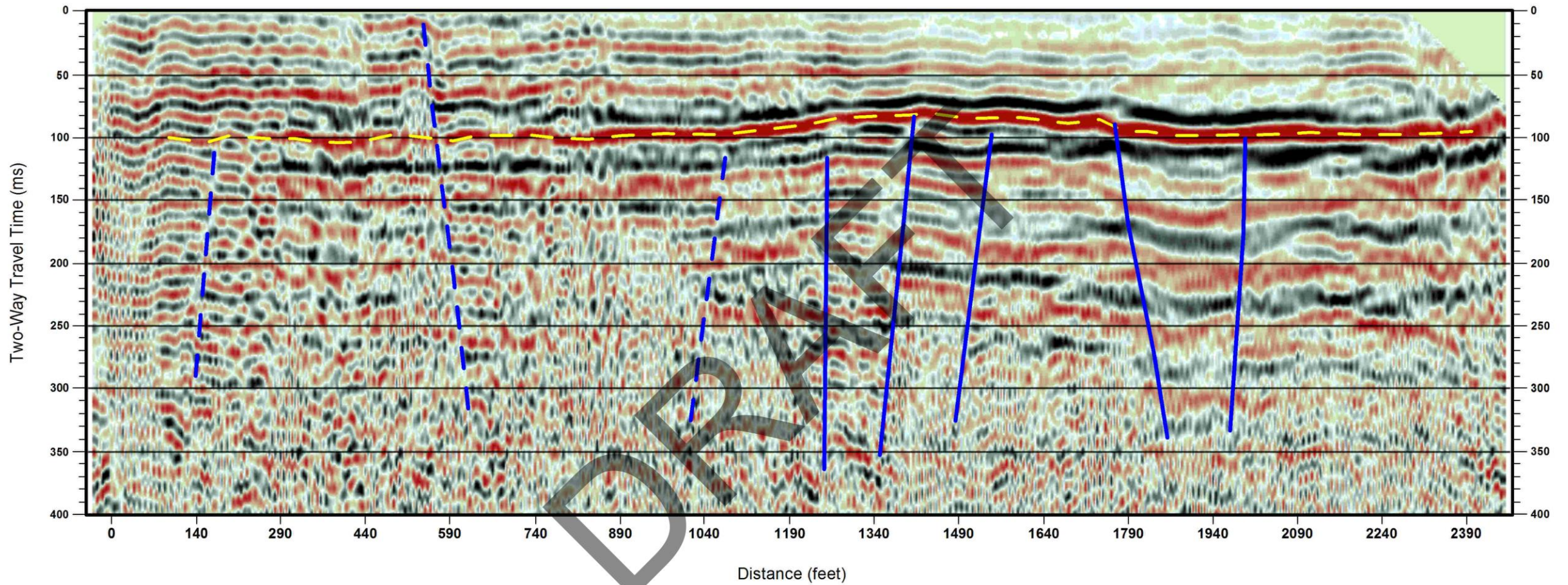
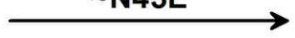
View to the northeast



View to the northeast



~N45E



Legend

- Probable Fault ———
- Possible Fault - - -
- Marker Bed - - -

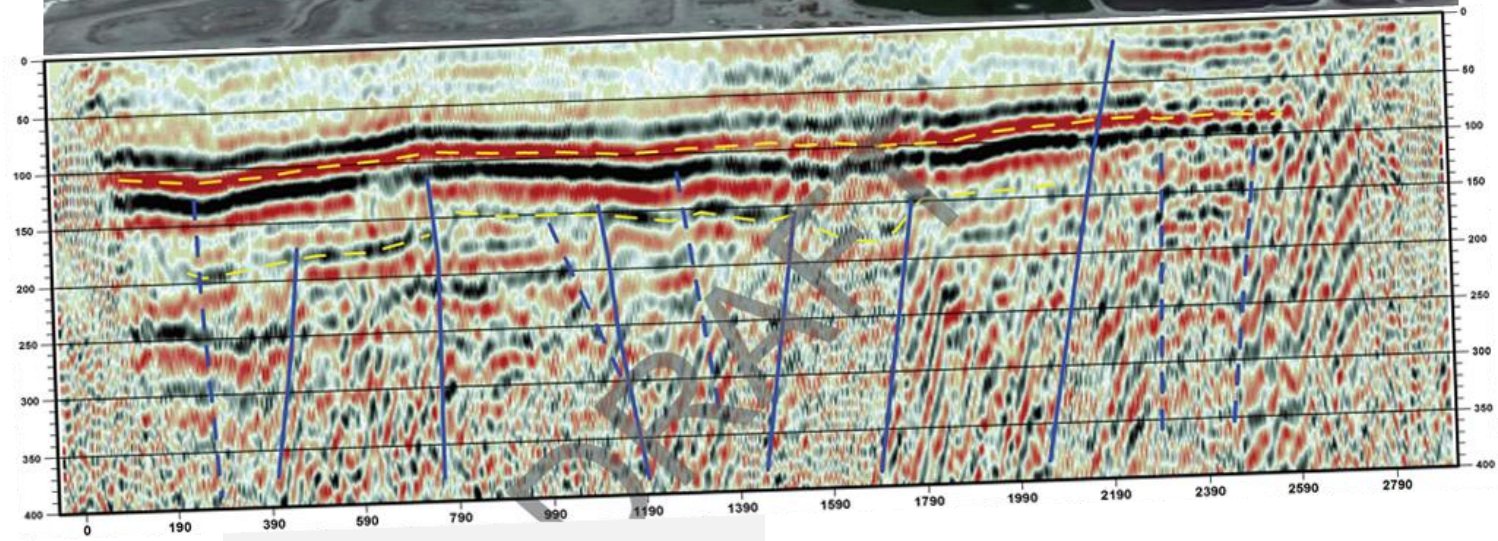
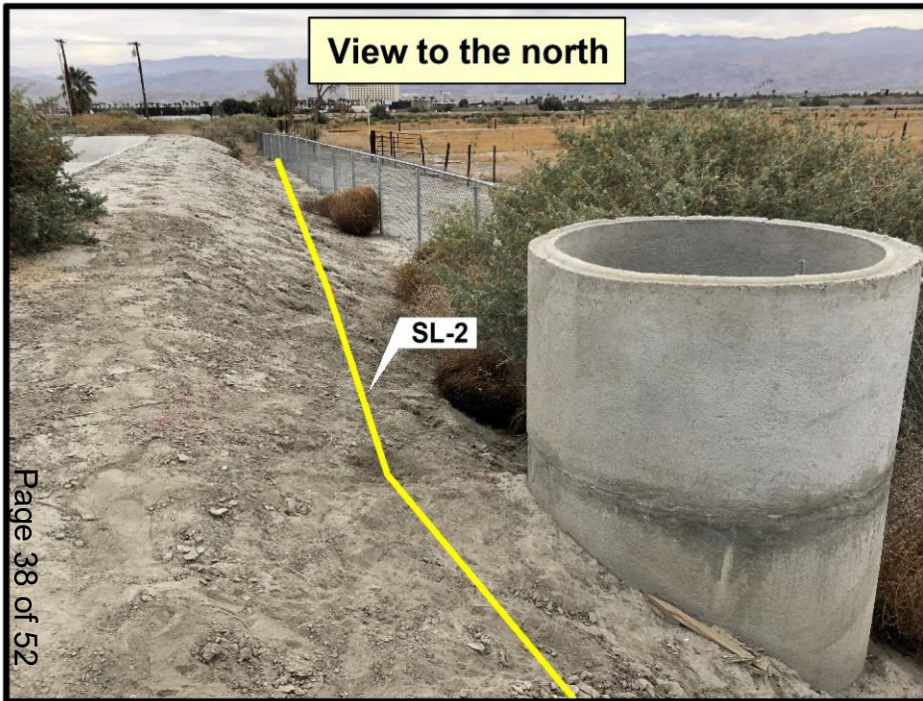
SL-1

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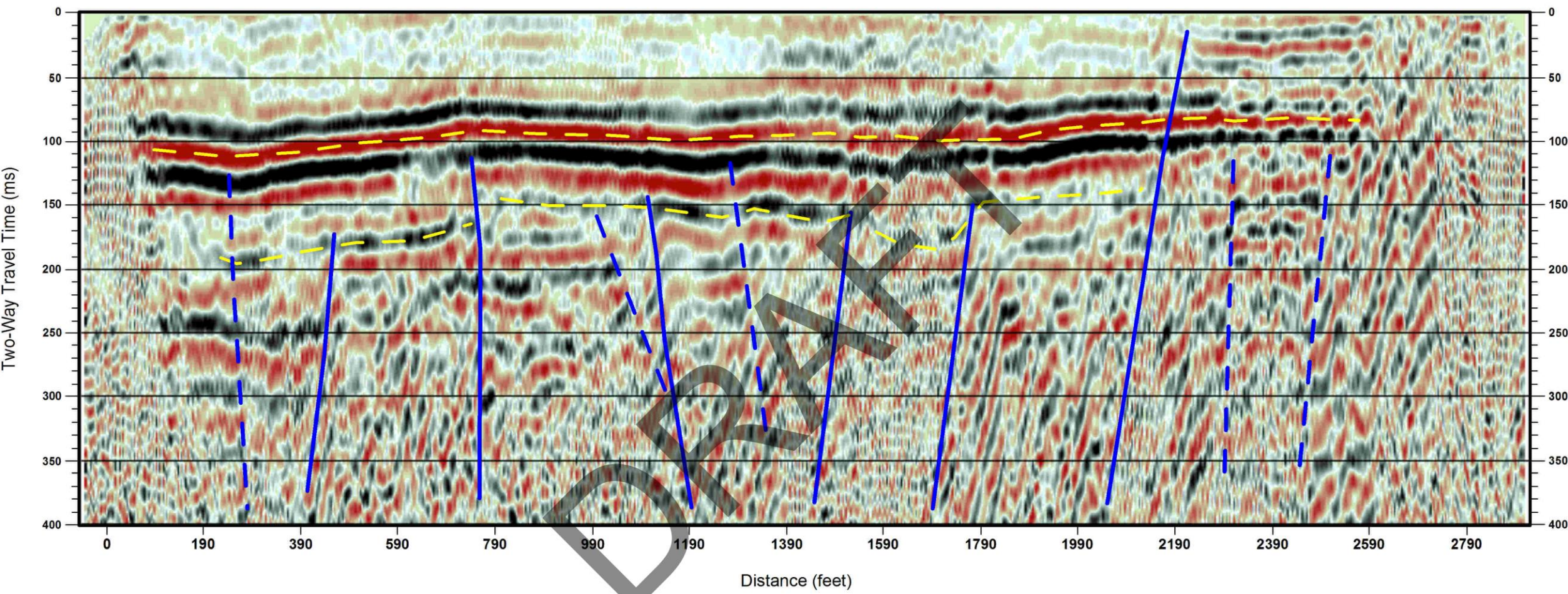
View to the north



View to the north



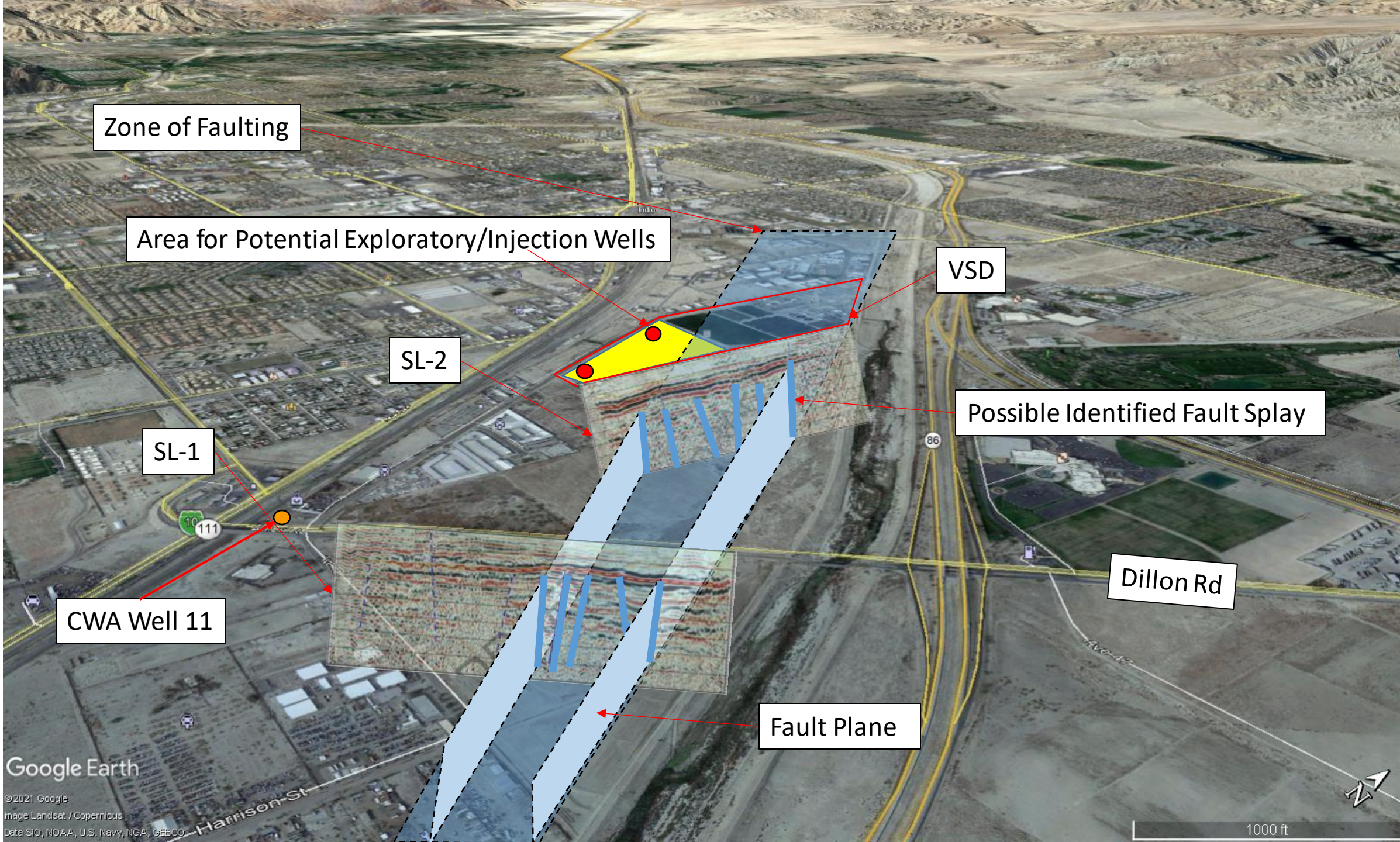
~North →



Legend

- Probable Fault ————
- Possible Fault - - - - -
- Marker Bed - - - - -

SL-2



Zone of Faulting

Area for Potential Exploratory/Injection Wells

VSD

SL-2

Possible Identified Fault Splay

SL-1

CWA Well 11

Dillon Rd

Fault Plane

Google Earth

©2021 Google
Image Landsat / Copernicus
Data SIO, NOAA, U.S. Navy, NGA, GEBCO

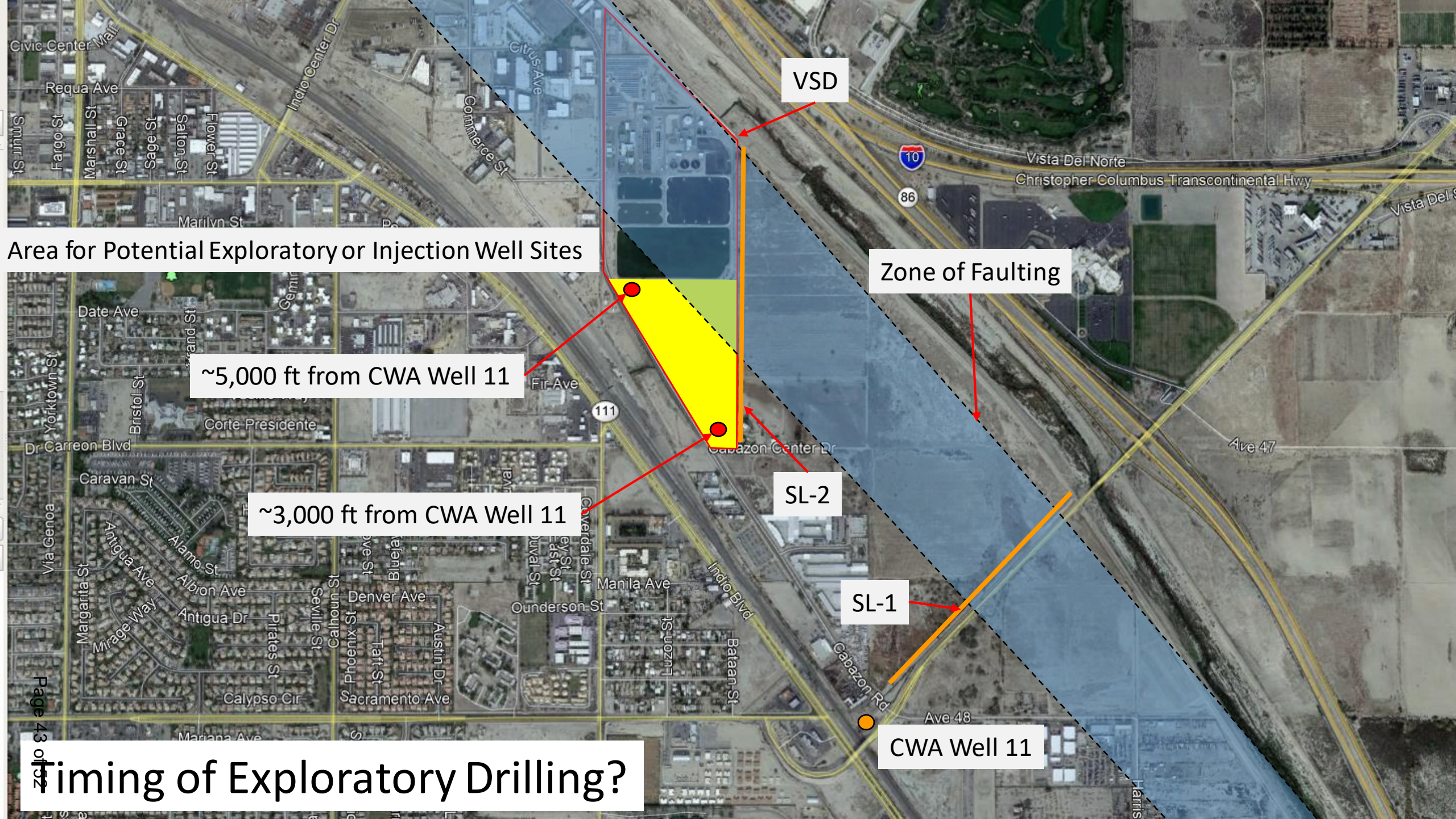
1000 ft

Summary of Geophysical Results

- Fault traces appear to stop ~150 bgs indicating no recent activity along traces
- Fault splays seem to be minor (few inches to a few feet thick), will likely not act as complete groundwater barriers
- Most of the faulting occurs under the northeastern portion of the VSD leaving most of the southwestern portion open for future exploration
- Therefore, locate Injection Well(s) east of the zone of faulting

Next Steps Discussion

- Option A - Site Exploratory Boring and Begin Drilling
- Option B - Regulatory Meeting
 - Regional Water Quality Control Board
 - State Water Resources Control Board



VSD

Area for Potential Exploratory or Injection Well Sites

Zone of Faulting

~5,000 ft from CWA Well 11

~3,000 ft from CWA Well 11

SL-2

SL-1

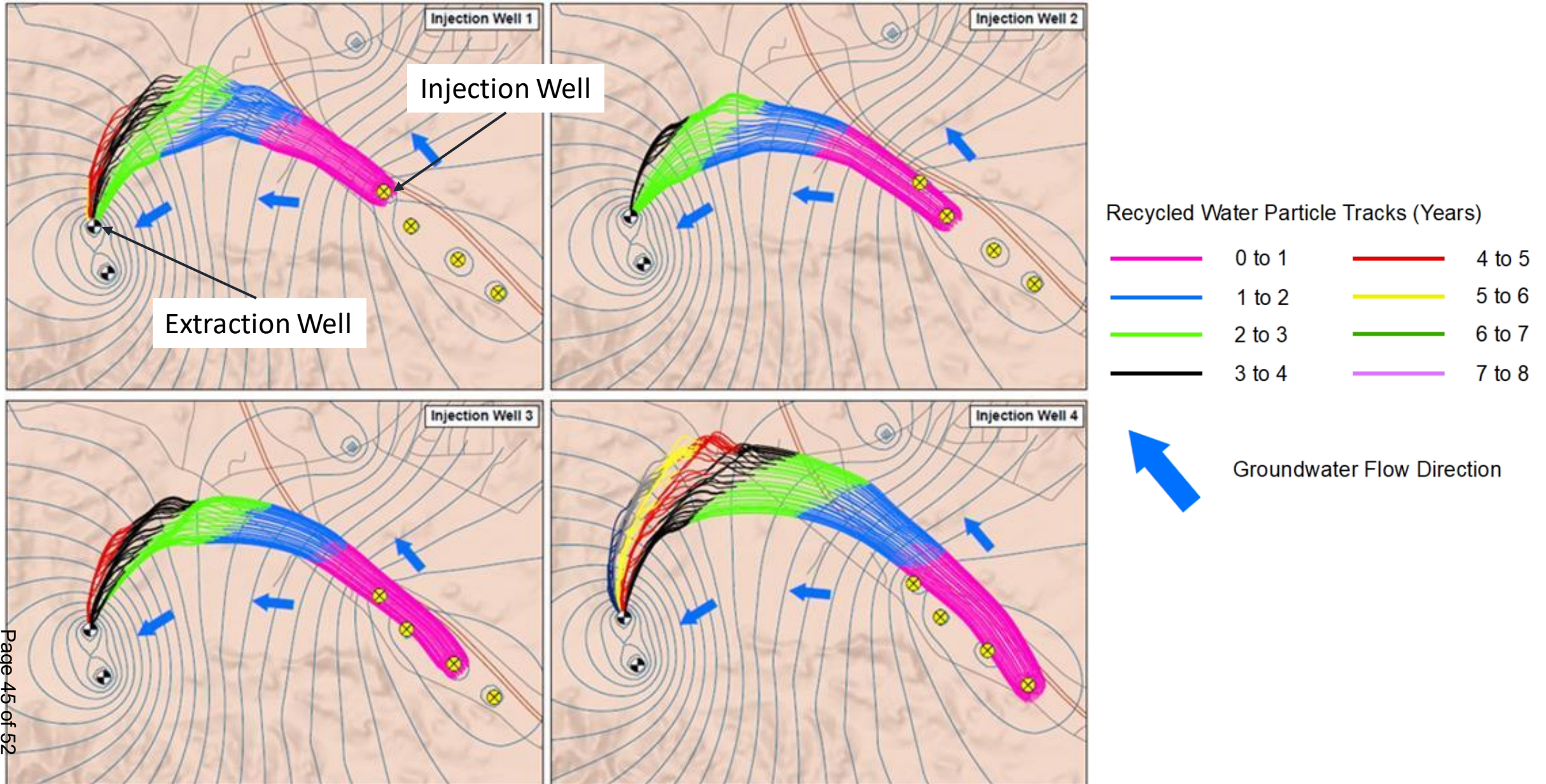
CWA Well 11

Timing of Exploratory Drilling?

Use of Groundwater Model to Assess Retention Time



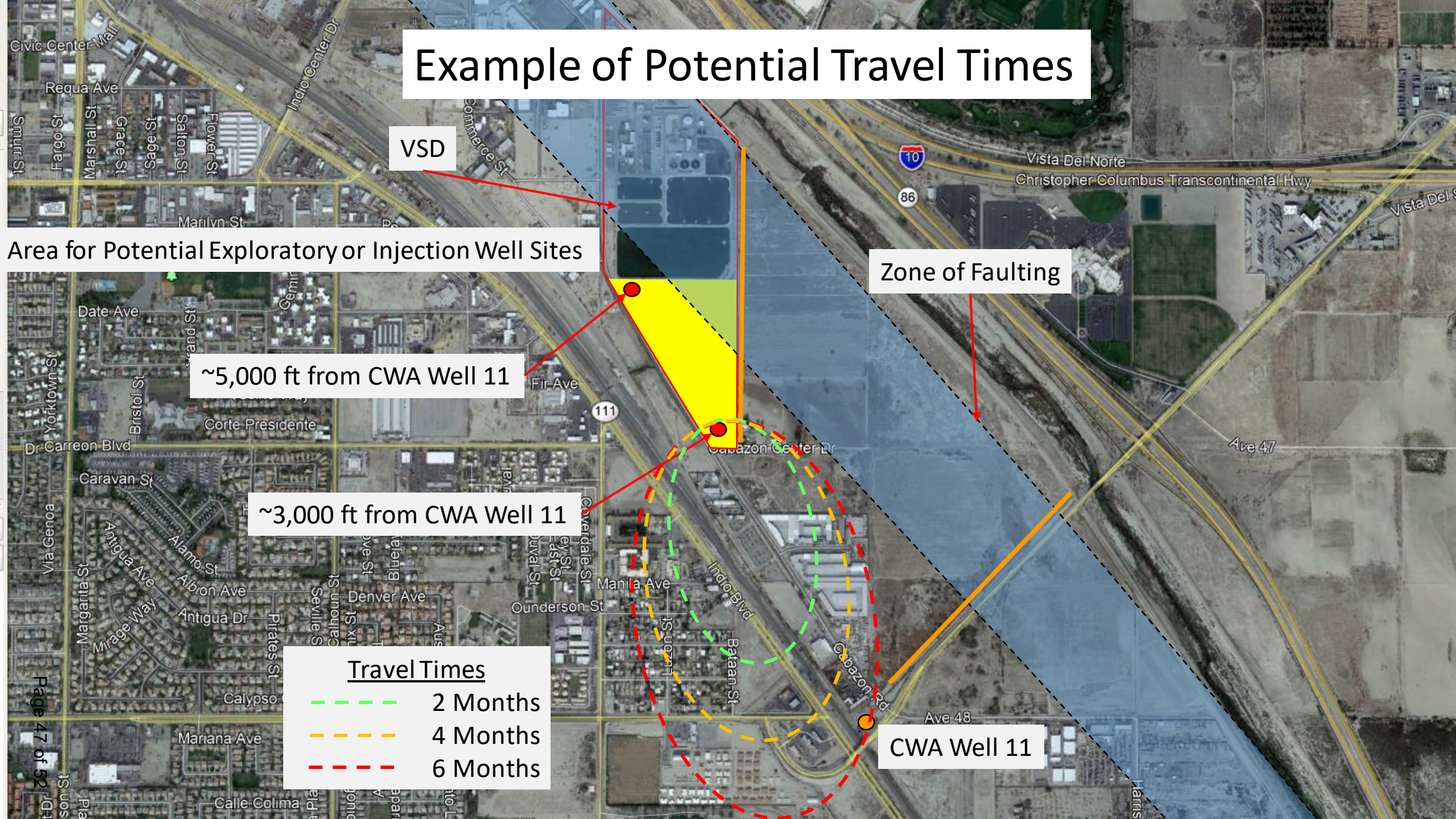
Particle Tracks to Calculate Travel Time



Groundwater Modeling Particle Tracking



Example of Potential Travel Times



VSD

Area for Potential Exploratory or Injection Well Sites

Zone of Faulting

~5,000 ft from CWA Well 11

~3,000 ft from CWA Well 11

CWA Well 11

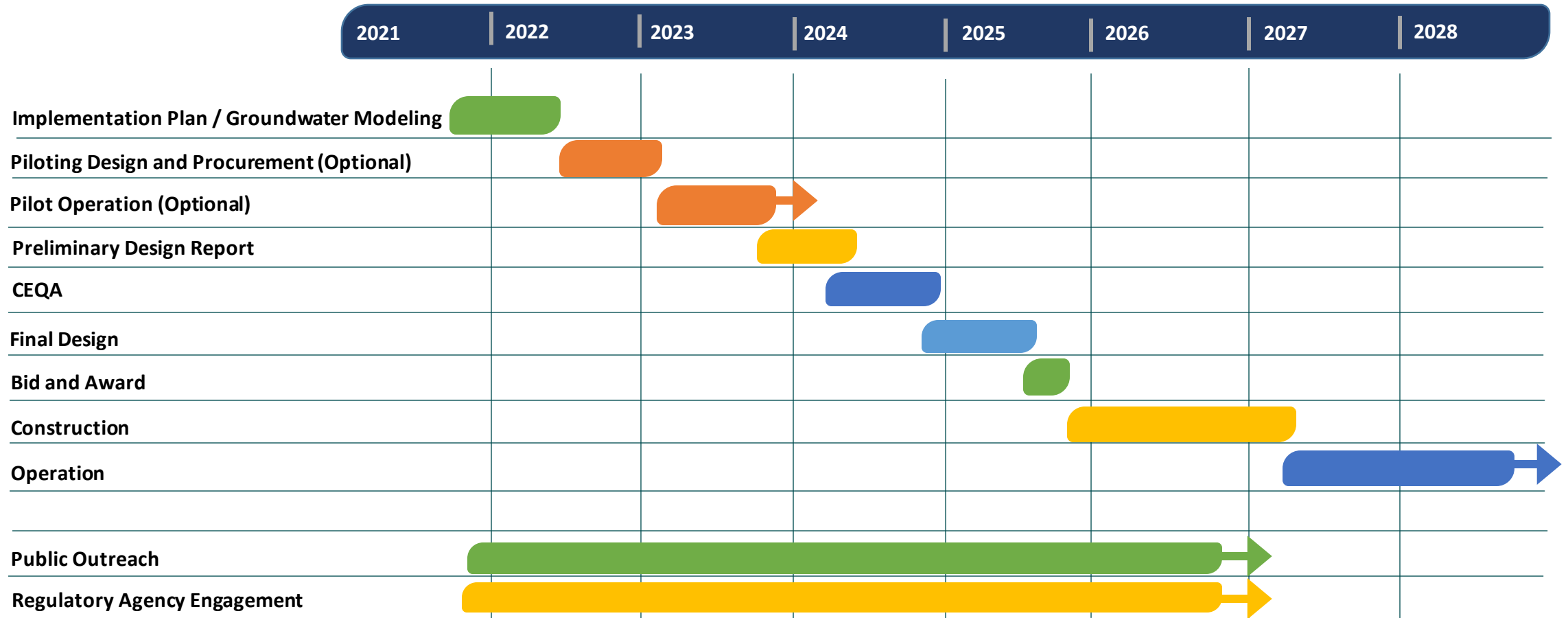
Regulatory Meeting

- Regional Water Quality Control Board
 - Does the region have a Salt Nutrient Management Plan?
 - Does project pose impacts to water quality in groundwater?
 - How does the project plan to manage brine discharge?
- State Water Resources Control Board - Division of Drinking Water
 - Engineering Report (ER) Approval requirements?
 - Groundwater Model requirements for project approval?
 - What is the retention time relative to closest drinking water wells?
 - Are any potable wells impacted? How will you mitigate?

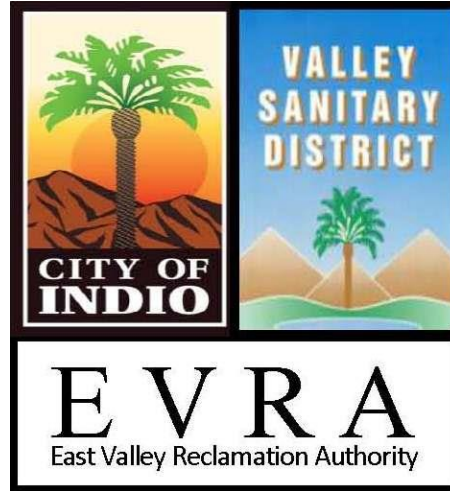
Staff Recommendation

- Meet with Regional Water Quality Control Board and State Water Resources Control Board Division of Drinking Water
- Report Back to the Board on Next Steps Following Regulatory Meeting
- Defer Well Boring until GW Model can confirm location

Potential Schedule (with piloting)



Questions



Potential Regulatory Issues

- Well control zone overlap on tribal land
 - Based on 2-6 months underground retention
 - Agreement with tribe needed if zone overlaps
 - Tribe would need to agree to not use or drill domestic wells in zone
- Option: Site injection wells to prevent well control zone overlap onto tribal land

