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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

*Exempt from filing fee
(Gov. Code, § 6103.)*
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Deputy Clerk

filed by fax

**Coordination Proceeding
Special Title (Rule 3.550)**

OROVILLE DAM CASES

Case No. JCCP 4974

**DECLARATION OF LISA TOMS
IN SUPPORT OF THE DEPARTMENT
OF WATER RESOURCES'
SUPPLEMENTAL BRIEFING**

Date: December 4, 2020
Time: 10:00 a.m.
Dept: 30
Judge: The Honorable James E.
McFetridge



ORIGINAL

1 I, Lisa Toms, declare as follows:

2 1. I am the Chief of the Enterprise Accounting Branch within the Department of Water
3 Resources (DWR). If called as a witness, I can and will testify to the following:

4 2. In 1992, I received a Bachelor of Science degree in Business Administration, with a
5 concentration in Accountancy, from the California State University, Sacramento.

6 3. I currently have over 29 years of experience at DWR and have worked in several
7 areas of accounting within the Division of Fiscal Services throughout my career.

8 4. I began my accounting career in March 1993, as an Accountant Trainee working in
9 the Accounts Payable Section processing invoices for payment, reconciling accounting data and
10 providing accounting support to management and various control agencies, such as the State
11 Controller's Office the State Treasurer's Office and the Department of Finance. I promoted
12 through the ranks to a Senior Accounting Officer (Specialist) performing increasingly more
13 difficult accounting functions within the Payables Office. I continued to increase my knowledge
14 of accounting functions as well as gain a more in-depth knowledge of DWR's operations as I
15 promoted to Accounting Administrator II for the Payables Office.

16 5. In September 2009, I became the Accounting Administrator II for the Water Project
17 Bill Processing and Analysis Office for the State Water Project. In this position, I oversaw the
18 preparation of the annual Statements of Charges to each of the 29 public water agencies that have
19 executed State Water Contracts (29 contractors); the reconciliation of the monthly cash flow
20 report for the State Water Project's largest operating account, Systems Revenue; the
21 establishment of master data to code all State Water Project (SWP) transactions; and the billing of
22 and collection from various SWP customers, ensuring the availability of appropriate funds to
23 maintain the SWP. The annual Statement of Charges is the billing mechanism where DWR
24 invoices the 29 public water agencies for reimbursement of its costs of constructing and operating
25 the SWP, including the payment of judgments.

26 6. In March 2014, I promoted to the Chief of the Enterprise Accounting Branch (EAB),
27 where I am responsible for all accounting functions related to the SWP. Presently, I oversee a
28 staff of approximately 24 employees that assist with the financial operation and funding of the

1 SWP and ensure accuracy and transparency of all accounting data in accordance with Generally
2 Accepted Accounting Principles (GAAP) and Bond Covenants.

3 7. My current responsibilities within the EAB include the issuance of both
4 Legal/Budgetary Basis and GAAP Financial Statements for both the SWP and the California
5 Energy Resource Scheduling programs. I am responsible for the issuance and monitoring of
6 DWR's \$2.6 billion debt portfolio to ensure diversity and efficiency of the outstanding revenue
7 bonds. In addition, I oversee DWR's \$1.4 billion Commercial Paper Program. I work closely with
8 the state's various control agencies, identified in paragraph 4 above, to ensure compliance with
9 regulatory requirements. I work directly with rating agencies and DWR's financial advisor and
10 bond counsel to ensure sufficient funding to cover the SWP's capital expenditures and maintain
11 DWR's high revenue bond ratings.

12 8. I continue to oversee the preparation of the annual Statement of Charges to the 29
13 contractors. I work closely with the Division of Operations and Maintenance, the Division of
14 Engineering, Office of Chief Counsel and Executive Office to provide financial advisory services
15 and ensure the accurate recording of information on behalf of the SWP and DWR. I oversee the
16 DWR's cash flow balances for the State Water Resources Development System. This requires
17 monthly tracking of actual and projected expenditures, revenues and commitments and
18 continuous updating of the cash flow reports to provide upper management with the tools
19 necessary to make informed and timely decisions to ensure the continued financial integrity of the
20 SWP.

21 9. Throughout my career at DWR, I have participated on numerous committees and
22 projects such as the SWP Contract Extension Project to extend the Long-term Water Supply
23 Contracts with the 29 contractors. I am currently a subject matter expert on the Financial
24 Management Enhancement Project that is being implemented to enhance the SWP budgeting and
25 billing processes and tools.

26 10. Based upon this vast experience, I have become familiar with both DWR's and
27 SWP's policies and procedures, and the Water Supply Contracts.

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1 11. The SWP operates on a beneficiary pays principle whereby DWR incurs and pays all
2 costs of constructing and operating the SWP, including the payment of judgments. DWR obtains
3 reimbursement for those costs consistent with state law and the 29 Water Supply Contracts.
4 Because many of the SWP facilities are multipurpose, DWR allocates the costs to be reimbursed
5 between the SWP's water supply, water conservation and water delivery purposes, and the
6 recreation and fish and wildlife enhancement purposes. Reimbursement of the portion of the costs
7 allocable to water supply, water conservation and water delivery are included in the bills to each
8 of the 29 public water agencies under their individual Water Supply Contracts. Costs related to
9 recreation and fish and wildlife enhancement are not included in the billings under the Water
10 Supply Contracts.

11 12. Previously, the Legislature has provided funding for the SWP's fish and wildlife
12 enhancements and recreation purposes from the general fund. More recently, these portions of the
13 SWP have been funded, in part, by money appropriated by the Legislature from the Harbors and
14 Watercraft Fund to support the SWP's recreation and fish and wildlife enhancement purposes.
15 The current funding from the Harbors and Watercraft Fund totals \$10 million per fiscal year and
16 is much smaller than the costs billed to and paid by the 29 contractors, which have averaged over
17 \$1 billion annually. The 29 public water agencies are not responsible for the SWP costs arising
18 out of the SWP's fish and wildlife enhancements and recreation purposes.

19 13. DWR relies upon an operating account and operating reserves of approximately \$300
20 million, as of August 2020, to fund SWP costs pending reimbursement by the 29 public water
21 agencies. A large judgment of several hundred million dollars, not to mention a billion dollars or
22 more, would deplete those operating funds and reserves and have a substantial negative impact on
23 the SWP by absorbing essentially all of the financial resources that DWR uses to fund capital,
24 operation, maintenance and replacement costs. I am aware of the financial resources of the 29
25 public water agencies and recognize that the reimbursement obligation could also have a
26 substantial negative fiscal impact on many, if not all, of them that are the source of a large
27 percentage of DWR revenues. Because DWR's credit rating is directly dependent on the
28

1 creditworthiness of those 29 public water agencies, a large judgment will have a material negative
2 impact on DWR's credit rating and its ability to borrow to pay capital costs.

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

5 Executed this 21st day of October, 2020, in Sacramento, California.

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LISA TOMS

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DECLARATION OF SERVICE
JUDICIAL COUNCIL COORDINATION PROCEEDING NO. 4974

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I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 1300 I Street, Suite 125, P.O. Box 944255, Sacramento, CA 94244-2550.

On October 22, 2020, I served true copies of the following document(s) described as:

DECLARATION OF LISA TOMS IN SUPPORT OF THE DEPARTMENT OF WATER RESOURCES' SUPPLEMENTAL BRIEFING

on the interested parties in this action pursuant to the most recent Omnibus Service List.

- ✓ **BY CASEHOMEPAGE:** Pursuant to Code of Civil Procedure section 1010.6, California Rules of Court, rule 2.260, and the parties' agreement to accept service by e-mail or electronic transmission, I caused the document(s) to be sent to the person(s) at the e-mail address listed by submitting a PDF format copy of such document via file transfer protocol (FTP) to CaseHomePage through the upload feature at www.casehomepage.com on October 22, 2020. The document(s) was transmitted by file transfer protocol (FTP) without error.

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on October 22, 2020, at Sacramento, California.

Jennifer Goldsmith
Declarant

Jennifer Goldsmith
Signature

RECEIVED
IN DROP BOX

2020 OCT 22 AM 11:02

COURT CLERK
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO