

Please mute your phone/tablet/computer unless speaking.

**AGENDA**  
**REGULAR BOARD MEETING**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**1021 E. MIRAMAR AVENUE, CLAREMONT, CA 91711**

**Wednesday, March 3, 2021 – 8:00 a.m.**

**SPECIAL NOTICE OF TELECONFERENCE ACCESSIBILITY**

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Newsom in response to the COVID-19 outbreak and as a precaution to our Board of Directors, staff and the public, Three Valleys MWD will hold its Board meeting via teleconference. The public's physical attendance at the district is not allowed. The public may participate in the teleconference by clicking on the link below:

**<https://attendee.gotowebinar.com/register/4525041616837217040>**

*(Dial-in instructions are provided after registering at the link above)*

Any member of the public wishing to participate in Public Comment may do so by filling out the speaker's card at the following link: **<https://arcg.is/0z5GqO>** or by sending an email to **[naguirre@tvmwd.com](mailto:naguirre@tvmwd.com)**

*The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.*

**Item 1 – Call to Order**

**Kuhn**

**Item 2 – Roll Call**

**Aguirre**

**Item 3 – Additions to Agenda** [Government Code Section 54954.2(b)(2)]

**Kuhn**

Additions to the agenda may be considered when two-thirds of the board members present determine a need for immediate action, and the need to act came to the attention of TVMWD after the agenda was posted; this exception requires a degree of urgency. If fewer than two-thirds of the board members are present, all must affirm the action to add an item to the agenda. *The Board shall call for public comment prior to voting to add any item to the agenda after posting.*

**Item 4 – Reorder Agenda**

**Kuhn**

**Item 5 – Public Comment** (Government Code Section 54954.3)

**Kuhn**

Opportunity for members of the public to directly address the Board on items of public interest within its jurisdiction. The public may also address the Board on items being considered on this agenda. TVMWD requests that all public speakers complete a speaker's card and provide it to the Executive Assistant.

**We request that remarks be limited to three minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.**

**Item 6 – General Manager’s Report**

Litchfield

*The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.*

**6.A – CSDA Commercial Card Program Rebate – [enc]**

Linthicum

The Board will be apprised of the rebates earned by paying vendors via credit cards.

**6.B – FY 2021/2022 Budget Workshop – [enc]**

Linthicum

The below items will be reviewed in a workshop format with staff responding to questions. It is anticipated that the FY 2021/2022 budget and CY 2022 water rates and charges will be returned for further discussion at the April 7, 2021 Board Meeting and for consideration of approval at the April 21, 2021 Board Meeting.

- FY 2021/2022 Budget
- CY 2022 Rates
- CY 2022 Fixed Charges
- CY 2022 Capacity Charges

**6.C – FY 2021/2022 Annual Purchase Orders – [enc]**

Linthicum

The Board will receive a list of vendors for ongoing goods and service for FY 2020/2021 and may direct staff to return this item to the next meeting for action.

**6.D – Salary Schedule Review Effective July 1, 2021 – [enc]**

Linthicum

The Board will review the salary schedule that is to be effective for July 1, 2021. The FY 2021/2022 budget presented earlier incorporates this schedule in determining salary amounts.

**6.E – Resolution No. 21-03-DRAFT Records Retention Schedule and Policy Update – [enc]**

Litchfield

The Board will review the Records Retention Schedule and Policy.

**6.F – Consider Fiscal Year 2021/2022 Strategic Plan – [enc]**

Litchfield

The Board will consider approval of the Strategic Plan for Fiscal Year 2021/2022.

**Items 6.F – Board Action Required**

Staff recommendation: Approve as presented

**6.G – Agreement for Operation and Maintenance of Miramar Water Treatment, Water Transmission and Hydroelectric Generating Facilities – [enc]**

Litchfield

The Board will review the Miramar 2.0 agreement.

**6.H – Board of Directors Compensation – [enc]**

**Kuhn**

The Board will discuss expense report compensation.

**Item 7 – Closed Session**

**Kuhn**

**Conference with Legal Counsel – Anticipated Litigation**

- Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2)
- One potential case

**Item 8 – Future Agenda Items**

**Kuhn**

**Item 9 – Adjournment and Next Meeting**

**Kuhn**

The Board will adjourn to a regular Board Meeting on Wednesday, March 17, 2021 at 8:00 a.m.

**American Disabilities Act Compliance Statement**

*Government Code Section 54954.2(a)*



*Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the TVMWD's Executive Assistant at (909) 621-5568 at least 24 hours prior to meeting.*

**Agenda items received after posting**


*Government Code Section 54957.5*

*Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the TVMWD office located at, 1021 East Miramar Avenue, Claremont, CA, 91711. The materials will also be posted on the TVMWD website at [www.threevalleys.com](http://www.threevalleys.com).*

*Three Valleys MWD Board Meeting packets and agendas are available for review on its website at [www.threevalleys.com](http://www.threevalleys.com).*



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 3, 2021  
**Subject:** **CSDA Commercial Card Program Rebate**

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<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<b>\$</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Discussion:**

TVMWD has participated in the CSDA (California Special Districts Association) Commercial Card Program since July 2015. This Program allows TVMWD to earn cash rebates by using a credit card for purchases typically paid with an AP check.

The Program is coordinated by CSDA, administered by Umpqua Bank, and backed by Visa®. Some key features of the Program are:

- Earns a 1% cash back rebate on all spending. Rebates are paid annually in January for the prior calendar year.
- Visa® is widely accepted form of payment by most vendors.
- Advanced online reporting tools and expense controls (ability to set spend control limits by card holder)
- Fraud protection at no cost
- TVMWD is covered up to \$100,000 protection against employee misuse

Despite the various issues caused by the Covid-19 pandemic, TVMWD was able to generate a spend of \$442,384 in calendar year 2020 resulting in a rebate of \$4,424. This was only an 11% reduction in spend and rebate from last calendar year. Staff will continue efforts to increase TVMWD's vendor payments by credit card and generate greater rebate revenue.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

None

**Meeting History:**


None

NA/LC



## Board of Directors Staff Report

**To:** TVMWD Board of Directors

**From:** Matthew H. Litchfield, General Manager 

**Date:** March 4, 2020

**Subject:** **FY 2021/2022 Budget**

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<input type="checkbox"/> <b>For Action</b>	<input checked="" type="checkbox"/> <b>Fiscal Impact</b>	<b>\$ 74,200,000</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Discussion:**

Staff will conduct a budget workshop today. Attached is the first draft of the FY 2021/2022 budget. Staff has considered the following assumptions in preparing this budget:

- This draft is based on MWD's Ten-Year Financial Forecast prepared by MWD staff for the 2021 and 2022 rate setting cycles.
- TVMWD projected sales are based on TVMWD member agency input. Each agency provided an estimate regarding their 2021-2026 demands at various locations.
- Maximizing flows to JWL (Joint Water Line) from the Miramar Plant.

Highlights of this draft budget:

**Pass Through Fund**

- The MWD RTS Charge is increasing \$390,000 for the fiscal year and \$775,000 for calendar year 2022. This is primarily due to:
  - MWD allocating more costs to the Standby Charge (\$140 million for 2022 versus \$130 million for 2021)
  - TVMWD taking proportionately more water over the last 10 years than other MWD agencies (4.47% for 2022 versus 4.22% for 2021)

The standby charge collected for the fiscal year is estimated to increase from \$19.90 to \$21.99 per EDU.

- The MWD Capacity Charge is increasing \$240,000 for the fiscal year and \$215,000 for calendar year 2022. This is primarily due to more MWD agencies “peaking” off the system, which causes more costs to be allocated towards the Capacity Charge. This caused the rate to increase from \$10,700 to \$12,200 per cfs.

### Capital Fund

- All major capital projects were detailed in the strategic plan draft that is on the agenda for today and also was discussed at the February 17<sup>th</sup>, 2021 Board of Directors meeting. TVWMD continues to utilize property taxes to fund capital projects with no need to issue debt.

### Operating Fund

- MWD’s untreated water rate is increasing \$22/AF (3%). MWD’s treatment surcharge is increasing \$17/AF (5%). These changes result in an overall increase in the treated water rate of \$39/AF (4%).
- The key to keeping TVMWD rates low is maximizing the Miramar Plant. We expect Miramar Plant sales to increase about 3,000 AFY from our prior year forecast. Half of this increase is due to additional demand expectations from the plant’s primary customers, Golden State Water Company and the City of La Verne. The other half is due to maximizing flows to the JWL from the Miramar Plant by reducing use of PM-15.
- The controllable budget (All other Operating Fund expenses excluding water costs) is 4% higher than what we estimated last year for FY 2021/2022. Notable changes are as follows:
  - Staff Compensation is about 1% higher than last year’s projection. This is primarily due to salary range adjustments that are being proposed due to the compensation study.
  - Operations and Maintenance is about 18% higher than last year’s projection, primarily due to the additional costs of increasing Miramar Plant production by 3,000 AF.
- The Board of Directors made a commitment beginning in 2018 to include \$200,000 per year in the budget to be placed annually in the PARS trust, with a goal of reducing the unfunded liability of future pension obligations to zero by 2028. Current projections show that continuing in this manner would eliminate the unfunded obligation by the beginning of 2029. Staff is proposing to increase this annual contribution to \$350,000 with a goal of eliminating the unfunded obligation by the beginning of 2027.

Reserves

All board designated reserves are expected to be at or above the lower goal limits at the end of FY 2020/2021, including overall board designated reserves to meet the emergency goal of \$10M.

Summary

Based on this first draft of the budget, TVMWD would be able to further reduce the current discount of \$6 per acre foot to \$16 for 2022 and the foreseeable future.

This item will be brought back for further discussion at the April 7, 2021 board meeting.

**Strategic Plan Objective(s):**

3.1 – Utilize and comply with a set of financial policies to maintain TVMWD's financial health

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – FY 2021/2022 Budget Version 1 Draft

Exhibit B – Capacity Charge 2022 Draft

Exhibit C – Fixed Charges 2022 Draft (waiting on data; to be provided at meeting)

**Meeting History:**

None

NA/JL



FY 2021/22 TVMWD BUDGET VERSION 1										
	FY 2020/21 Budget	FY 2020/21 Projected	FY 2021/22 Budget	Pass Through Fund	Operating Fund	Capital Fund	FY 2022/23 Budget	FY 2023/24 Budget	FY 2024/25 Budget	FY 2025/26 Budget
<b>REVENUES</b>										
Water Sales	63,627,104	69,173,872	65,134,257		65,134,257		67,285,335	71,315,049	74,762,205	78,783,409
Standby Charge	3,687,227	3,687,227	4,074,880	4,074,880			4,552,770	4,732,369	4,934,339	5,270,430
Capacity Charge Assessment	1,394,595	1,394,595	1,636,205	1,636,205			1,846,625	2,021,215	2,041,360	2,101,795
Property Taxes	2,346,337	2,277,153	2,362,573			2,362,573	2,362,573	2,362,573	2,362,573	2,362,573
Fixed Charge Assessment	717,787	717,787	750,594		750,594		824,253	848,361	872,355	898,070
Hydroelectric Sales	164,000	252,481	270,000		270,000		270,000	270,000	270,000	270,000
Interest Income	146,350	106,643	44,864		44,864		44,864	44,864	44,864	44,864
Pumpback O&M & Reservoir #2 Reimb.	20,000	19,369	20,000	20,000			20,000	20,000	20,000	20,000
Grants and Other Revenue	109,296	224,099	5,457		5,457		5,593	5,733	5,877	6,023
<b>TOTAL REVENUES</b>	<b>72,212,695</b>	<b>77,853,225</b>	<b>74,298,830</b>	<b>5,731,085</b>	<b>66,205,172</b>	<b>2,362,573</b>	<b>77,212,013</b>	<b>81,620,165</b>	<b>85,313,572</b>	<b>89,757,164</b>
<b>EXPENSES</b>										
Water Purchases	57,641,851	62,027,096	57,804,808		57,804,808		59,263,105	63,679,887	66,718,641	70,942,523
MWD RTS Charge	3,687,227	3,695,933	4,074,880	4,074,880			4,552,770	4,732,369	4,934,339	5,270,430
Staff Compensation	4,377,912	4,503,534	4,669,150		4,669,150		4,898,553	5,067,435	5,243,362	5,412,509
MWD Capacity Charge	1,394,595	1,394,595	1,636,205	1,636,205			1,846,625	2,021,215	2,041,360	2,101,795
Operations and Maintenance	1,676,585	1,850,422	1,935,450		1,935,450		1,986,393	2,038,677	2,092,338	2,147,411
Capital Repair and Replacement	500,780	497,059	624,000			624,000	-	-	682,048	-
Capital Investment Program	1,975,581	1,647,509	1,350,000			1,350,000	2,275,000	1,075,000	75,000	3,500,000
Professional Services	581,255	550,173	638,393		638,393		679,143	630,308	646,898	663,925
Directors Compensation	323,892	294,725	320,321		320,321		323,004	325,768	328,615	331,547
Communication and Conservation Programs	163,000	150,102	167,000		167,000		171,396	175,907	180,537	185,289
Planning and Resources	194,479	213,979	90,000		90,000		92,369	94,800	97,295	99,856
Membership Dues and Fees	87,989	92,705	95,475		95,475		97,988	100,567	103,214	105,931
Hydroelectric Facilities	39,000	8,356	30,000		30,000		30,790	31,600	32,432	33,285
Pumpback O&M & Reservoir #2	20,000	19,369	20,000	20,000			20,000	20,000	20,000	20,000
Board Elections	-	180,000	-		-		-	-	-	-
Reserve Replenishment	238,182	238,182	440,000		440,000		440,000	440,000	440,000	440,000
Encumbrances from prior year		331,792	331,792			331,792	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>72,902,328</b>	<b>77,695,531</b>	<b>74,227,473</b>	<b>5,731,085</b>	<b>66,190,596</b>	<b>2,305,792</b>	<b>76,677,135</b>	<b>80,433,533</b>	<b>83,636,078</b>	<b>91,254,502</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(689,633)</b>	<b>157,694</b>	<b>71,357</b>	<b>-</b>	<b>14,576</b>	<b>56,781</b>	<b>534,878</b>	<b>1,186,632</b>	<b>1,677,494</b>	<b>(1,497,338)</b>
TRANSFER FROM BOARD ELECTION RESERVES	-	180,000								
TRANSFER FROM/(TO) CAPITAL RESERVES	(210,337)	(210,337)	(388,573)			(388,573)	(87,573)	(1,287,573)	(1,605,525)	1,137,427
TRANSFER FROM/(TO) OPPORTUNITY RESERVES										
TRANSFER FROM/TO ENCUMBERED RESERVES	396,461	396,461	331,792		-	331,792				
<b>NET INCOME (LOSS) AFTER TRANSFERS</b>	<b>(503,509)</b>	<b>523,818</b>	<b>14,576</b>	<b>-</b>	<b>14,576</b>	<b>-</b>	<b>447,305</b>	<b>(100,942)</b>	<b>71,969</b>	<b>(359,911)</b>
	<b>CY 2021</b>		<b>CY 2022</b>				<b>CY 2023</b>	<b>CY 2024</b>	<b>CY 2025</b>	<b>CY 2026</b>
MWD RATE	\$ 1,104		\$ 1,143				1,200	1,260	1,311	1,336
TVMWD SURCHARGE	\$ (6)		\$ (16)				(16)	(16)	(16)	(16)
TVMWD RATE	\$ 1,098		\$ 1,127				\$ 1,184	\$ 1,244	\$ 1,295	\$ 1,320
<b>ANNUAL FIXED CHARGE</b>	<b>\$ 689,917</b>		<b>\$ 811,271</b>				<b>\$ 837,235</b>	<b>\$ 859,488</b>	<b>\$ 885,222</b>	<b>\$ 910,917</b>

## MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2022

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.4	\$ 4,732.30	\$ 394.36	0.27%
Cal Poly	0.6	\$ 7,571.68	\$ 630.97	0.43%
Covina	0.0	\$ -	\$ -	0.00%
Covina Irrigating Company	16.3	\$ 198,756.68	\$ 16,563.06	11.40%
Glendora	6.4	\$ 78,556.21	\$ 6,546.35	4.51%
Joint Water Line (JWL)	29.3	\$ 357,762.02	\$ 29,813.50	20.52%
La Verne	13.8	\$ 167,949.39	\$ 13,995.78	9.63%
Mt. Sac	1.8	\$ 21,768.59	\$ 1,814.05	1.25%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	12.4	\$ 151,433.66	\$ 12,619.47	8.69%
GSWC (Claremont)	16.5	\$ 201,170.15	\$ 16,764.18	11.54%
GSWC (San Dimas)	13.9	\$ 169,416.41	\$ 14,118.03	9.72%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	31.5	\$ 384,262.91	\$ 32,021.91	22.04%
<b>TOTAL</b>	<b>142.9</b>	<b>1,743,380</b>	<b>\$ 145,282</b>	<b>100.00%</b>

## Notes:

1. The MWD Capacity Charge is paid by each member agency based on TVMWD's allocation of the specific non-coincidental peak calculation over a three year period 2019, 2020, and 2021.
2. The MWD Capacity Charge basis of 142.9 cfs at \$12200 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

**EFFECTIVE JANUARY 2022**


AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	18.7	\$ 80.07	0.03%	1.5	\$ 995.42	0.37%	257.5	\$ 270.42	0.10%	\$ 1,345.92
Cal Poly	110.9	\$ 475.56	0.18%	2.0	\$ 1,327.23	0.49%	2,575.2	\$ 2,704.24	1.00%	\$ 4,507.03
Covina	20.9	\$ 89.65	0.03%	20.0	\$ 13,272.33	4.91%	5,150.0	\$ 5,407.94	2.00%	\$ 18,769.92
Covina Irrigating Company	7,559.7	\$ 32,426.68	11.99%	20.0	\$ 13,272.33	4.91%	0.0	\$ -	0.00%	\$ 45,699.01
Glendora	1,872.5	\$ 8,031.90	2.97%	40.0	\$ 26,544.66	9.82%	27,682.1	\$ 29,068.67	10.75%	\$ 63,645.23
Joint Water Line (JWL)	17,993.9	\$ 77,183.82	28.54%	121.0	\$ 80,297.59	29.69%	0.0	\$ -	0.00%	\$ 157,481.42
La Verne	5,426.3	\$ 23,275.66	8.61%	15.0	\$ 9,954.25	3.68%	20,887.5	\$ 21,933.76	8.11%	\$ 55,163.67
Mt. Sac	412.0	\$ 1,767.10	0.65%	5.0	\$ 3,318.08	1.23%	2,575.2	\$ 2,704.24	1.00%	\$ 7,789.42
Pomona	0.4	\$ 1.59	0.00%	20.0	\$ 13,272.33	4.91%	48,254.5	\$ 50,671.59	18.74%	\$ 63,945.51
Rowland Water District	3,761.4	\$ 16,134.13	5.97%	30.0	\$ 19,908.49	7.36%	23,933.0	\$ 25,131.82	9.29%	\$ 61,174.44
GSWC (Claremont)	5,947.0	\$ 25,509.08	9.43%	15.0	\$ 9,954.25	3.68%	27,611.0	\$ 28,994.05	10.72%	\$ 64,457.38
GSWC (San Dimas)	8,335.8	\$ 35,755.71	13.22%	35.0	\$ 23,226.58	8.59%	32,738.5	\$ 34,378.39	12.71%	\$ 93,360.67
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	16,854.0	\$ 17,698.22	6.54%	\$ 17,698.22
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 2,654.47	0.98%	1,605.7	\$ 1,686.08	0.62%	\$ 4,340.55
Walnut Valley Water District	11,584.9	\$ 49,692.76	18.38%	79.0	\$ 52,425.70	19.39%	47,400.0	\$ 49,774.29	18.41%	\$ 151,892.75
<b>TOTAL</b>	<b>63,044.2</b>	<b>\$ 270,424</b>	<b>100%</b>	<b>407.5</b>	<b>\$ 270,424</b>	<b>100%</b>	<b>257,524</b>	<b>\$ 270,424</b>	<b>100%</b>	<b>\$ 811,271</b>

Notes:

1. The Imported Water Use Charge is based on average import water deliveries in the 2018/19, 2019/20 & 2020/21 fiscal years.
2. Connected Capacity for the Badillo-Grand Pipeline is according to WVWD's maintenance allocation: WVWD 60 cfs and Valencia Heights. 4 cfs.
3. Boy Scouts ESM Charge is calculated based on 0.1% of total ESMs; Cal Poly & Mt. SAC ESM Charges are calculated based on 1.0% of total ESMs
4. Covina, Glendora, and Valencia Heights ESM Charges are calculated based on 27%, 98%, and 67%, respectively, of their corresponding total ESMs. Percentages are based on agencies' service area within TVMWD.
5. Fire Service Meters are not included in the ESM calculations



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 3, 2021  
**Subject:** **FY 2021/2022 Annual Purchase Orders**

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<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<b>\$</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Background:**

In compliance with TVMWD's purchasing policy, general purchases exceeding \$75,000 and public projects exceeding \$200,000 are to be approved by the Board.

**Discussion:**

Staff has listed below vendors/contractors used for an ongoing basis. Staff felt it appropriate to bring these before the Board for consideration for next fiscal year.

- ACWA Joint Powers Insurance Authority (JPIA) - \$640,000 for medical, dental, vision, employee assistance program, liability, property and workers' compensation insurance. This activity is categorized as section E professional services of the purchasing policy. Staff feels JPIA qualifies as a single source vendor.
- Brunick, McElhaney & Kennedy Professional Law Corporation - \$235,000 for legal services. This activity is categorized as section E professional services of the purchasing policy. Brunick, McElhaney & Kennedy has been with TVMWD for decades. Staff feels Mr. Kennedy's qualifications and history with TVMWD at a very reasonable fee justifies qualification as a single source vendor.
- CLS Landscape Management - \$100,000 for landscape maintenance for TVMWD's various infrastructure sites. This activity is categorized as section D general trade services of the purchasing policy, requiring competitive bids (last bid in 2020). CLS performs the monthly landscape maintenance and additional services at the various infrastructure sites that include trimming and removing trees, replacing and repairing sprinklers, and mulch replacement. Staff has been pleased with CLS's performance.

- Michael J. Arnold and Associates - \$85,000 to serve as state legislative lobbyist. This activity is categorized as section E professional services of the purchasing policy. Mr. Arnold has served as TVMWD's state lobbyist for over 17 years. Staff feels Mr. Arnold's qualifications and history with TVMWD justifies qualification as a single source vendor.
- Chemicals - Chemicals are categorized as section B general supplies of the purchasing policy, normally requiring competitive bids. However, chemicals meet the exception to competitive offer requirements as a good with significant market fluctuation. Requiring a guaranteed price for a year would cost more than simply paying the ebbs and flows of the current market price. Senior staff frequently compares pricing to obtain the lowest cost for each order.
  - JCI Jones Chemicals - \$80,000 for chlorine
  - Kemira Water Solutions - \$240,000 for aluminum chlorohydrate
  - Univar USA and Brenntag Pacific - \$115,000 for sodium hydroxide
  - Advanced Water Science - \$110,000 for algaecide
- Denali Water Solutions - \$120,000 for sludge removal services. This activity is categorized as section E professional services of the purchasing policy. Denali removes, transports and disposes the sludge generated during the residual management process. Denali has provided service to TVMWD since 2014. The cost for this service has increased in recent years due to an increased distance required for disposal. Staff has considered many other options including transport via TVMWD staff, however no option yet has proven as cost effective as Denali.
- Hach Company - \$75,000 for lab supplies, specialized equipment and servicing, categorized as section C proprietary equipment and goods and section E professional services of the purchasing policy. TVMWD uses multiple items of Hach equipment where the corresponding supplies and servicing can only be from Hach.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

None


**Meeting History:**

None

NA/JL



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 3, 2021  
**Subject:** **Salary Schedule Effective July 1, 2021**

---

<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>

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### Staff Recommendation:

#### **No Action Necessary – Informational Item Only**

#### **Background:**

Prior to 2014, TVMWD contracted with various consultants to prepare salary surveys to determine the appropriateness of the salary and benefits paid to employees. Disappointed by the lack of clarity of the results and the amount of effort still required not only by TVMWD staff but also by the agencies we asked to participate in the survey, staff decided to bring this task in-house.

In 2014, staff determined the best way to evaluate how we compensate our employees is to consider both salary and benefits together. While salaries are easy to quantify, comparing the multitude of benefits that agencies offer was not as easy. For example, the 2009 survey results stated that agencies offered medical insurance that was covered 98% by the agency and 2% by the employee. But that doesn't capture if an agency is offering an HMO plan, a PPO plan with a high deductible or a PPO plan with a low deductible, or if that only covers the employee or also their dependents. Each of these plans has different value to the employee and each costs the employer differently. To create an apples-to-apples comparison, staff decided to simply quantify all benefits to dollars.

Attached is the compensation philosophy that was drafted in 2014 and incorporated into the 2015/2016 strategic plan. While we removed this page from the strategic plan in 2020/2021, we continue to include under Objective 4.2 an action item that we will adhere to a compensation philosophy that retains staff. As stated in this document, the intention is to conduct a compensation survey every 3 years. We conducted our first survey in 2014, second in 2017, and now this survey for 2021.

Data for the survey is compiled by TVMWD's HR/Risk Manager by obtaining information from each surveyed agency's website and/or HR personnel. The results are submitted to TVMWD's General Manager for review and recommendation.

**Discussion:**

The results of the 2021 survey reflect that TVMWD is below market in total compensation (salary and benefits) as follows:

Retiree health benefits	\$26,940
Salary	7,629
Agency paying employee's portion of CalPERS	2,683
Other benefits	935
Overall Variance	<u>\$38,187</u>

These results mirror what the prior two surveys have shown:

- TVMWD has a fixed cap on the health benefit for retirees, whereas many agencies have committed to health benefits covering the retiree and/or spouse at whatever the cost is in the future.
- TVMWD stopped paying the employee's portion of CalPERS in 2006. While many agencies have also stopped this practice, there are some that continue to pay for some or all of the employee's required portion.

Based on these results, the General Manager is recommending changes only to the salary ranges. The attached proposed salary schedule is to be effective July 1, 2021 and reflects range adjustments from 0-12%. These ranges were included in calculating the budget for FY 2021/2021.

As a reminder, these adjustments are made to the salary ranges, not to the individual employee's salary. Salary changes continue to be based on the merits of the employee's annual evaluation.

Pursuant to CalPERS and California Code of Regulations Section 570.5, salary schedule changes must be approved and adopted by the employer's governing body according to the requirements of applicable public meeting laws. It is expected that this item will be brought back for consideration of adoption on March 17, 2021.

**Strategic Plan Objective(s):**

- 3.3 – Be accountable and transparent with major decisions
- 4.2 – Prepare for transition to the next generation of water professionals

**Attachment(s):**

Exhibit A – Compensation Philosophy

Exhibit B – Proposed Salary Schedule effective July 1, 2021

**Meeting History:**

None

NA/JL



## COMPENSATION PHILOSOPHY

In order to accomplish its mission, TVMWD must have sufficient competent staff to achieve the goals and objectives outlined in the strategic plan. This requires having a succession plan in place to identify needs and future challenges, recruiting qualified personnel with the appropriate skills to fill job openings, and retaining staff trained on how we operate.

To this end TVMWD demonstrates its commitment to treating staff fairly and equitably by compensating employees at market levels, defined as the average compensation at agencies that meet following criteria:

- Agencies with employees performing the same or directly related tasks
- Agencies competing to hire individuals with the same qualifications
- Agencies with similar ability to pay

The following agencies have been identified for comparison:

- Calleguas Municipal Water District
- Castaic Lake Water Agency
- Cucamonga Valley Water District
- Eastern Municipal Water District
- Inland Empire Utilities Agency
- Las Virgenes Municipal Water District
- Palmdale Water District
- Water Facilities Authority (WFA)
- West Basin Municipal Water District
- Western Municipal Water District

Compensation information is obtained from each agency by TVMWD staff. Information is compiled to reflect the total dollar value compensation for each position. Total dollar value quantifies total compensation (salary and benefits) so comparisons between agencies are easy to consider.

### **Salary Ranges**

TVMWD should maintain wide ranges to bring new inexperienced employees in at low base salaries to allow for many years of growth yet recognize and reward experience and performance.

### **Annual Performance Review**

Employee performance is evaluated annually with mid-year updates. Employees are eligible for a merit increase annually based on performance and within the constraints of the Board approved budget and the position's salary range. Employees are also eligible for a CPI increase based on employee performance. Salary ranges are adjusted annually by a CPI increase. The percentage increase is to be calculated per the annual change in Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers for the Los Angeles-Long Beach-Anaheim.

### **Frequency**

Due to the time-consuming nature of compiling compensation information, a total dollar value compensation study is completed every three years. Information is presented to the GM for comparison and to serve as a guide to adjust salary ranges and benefits as the GM deems necessary. Any new benefits with long-term implications are brought to the Board for approval.

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
ANNUAL SALARY RANGE BY CLASSIFICATION  
Effective: July 1, 2021**

CLASSIFICATION	Miniumum Salary Range	Mid Salary Range	Maximum Salary Range
<b>ANNUAL</b>			
ACCOUNTING TECHNICIAN	\$ 56,612	\$ 73,595	\$ 90,578
ADMINISTRATIVE/COMMUNICATIONS ASSISTANT	\$ 50,079	\$ 65,103	\$ 80,127
CHIEF ADMINISTRATIVE OFFICER	\$ 153,292	\$ 199,280	\$ 245,268
CHIEF FINANCE OFFICER	\$ 153,292	\$ 199,280	\$ 245,268
CHIEF OPERATIONS OFFICER	\$ 153,292	\$ 199,280	\$ 245,268
CHIEF WATER RESOURCES OFFICER	\$ 153,292	\$ 199,280	\$ 245,268
COMPLIANCE SPECIALIST	\$ 75,573	\$ 98,245	\$ 120,917
ENGINEERING ASSISTANT	\$ 82,865	\$ 107,724	\$ 132,583
EXECUTIVE ASSISTANT	\$ 66,360	\$ 86,268	\$ 106,176
GENERAL MANAGER	\$ 223,696	\$ 258,013	\$ 292,330
INFORMATION TECHNOLOGY MANAGER	\$ 111,949	\$ 145,534	\$ 179,119
INSTRUMENTATION/ELECTRICAL SYSTEM OPERATOR	\$ 78,337	\$ 101,838	\$ 125,339
OPERATIONS SUPERVISOR	\$ 92,497	\$ 120,246	\$ 147,995
PLANT ASSISTANT	\$ 42,763	\$ 55,592	\$ 68,421
PROJECT MANAGER	\$ 111,602	\$ 145,083	\$ 178,564
SENIOR FINANCIAL ANALYST	\$ 86,466	\$ 112,406	\$ 138,346
SHIFT OPERATOR II	\$ 52,631	\$ 68,421	\$ 84,210
SHIFT OPERATOR III	\$ 64,777	\$ 84,210	\$ 103,643
SHIFT OPERATOR IV	\$ 72,985	\$ 94,881	\$ 116,777
SHIFT OPERATOR V	\$ 75,415	\$ 98,039	\$ 120,663
<b>HOURLY</b>			
HUMAN RESOURCES/RISK MANAGER (PT)	\$ 31.74		\$ 38.90

Based on Board approval, an adjustment to each salary range classification will be considered for July 1 of each year. Range adjustments are tied to changes in the Consumer Price Index - Urban Wage Earners and Clerical Workers for Los Angeles-Long Beach-Anaheim as prepared by the Bureau of Labor Statistics, from current year annual to the prior year annual. The adjustment to each salary range is intended to keep TVMWD's salary ranges at the market level and may not necessarily impact individual salaries. The opportunity for individual salary increases will continue under the merit-based system employed by TVMWD. An important note is that an employee's annual salary may be below the minimum salary range if: (1) their annual evaluation has not yet occurred in the current fiscal year or (2) their performance documented in prior annual evaluations has not merited an increase that has kept up with index adjustments to the salary ranges.

#### **Shift Differential Pay**

- Operators and plant assistants who work on Friday, Saturday or Sunday will be compensated with 10% additional pay for those hours.
- Shift differential pay is considered special compensation and will be reported to CalPERS as such.

#### **On-Call Pay**

- Standby operators who serve as the on-call standby operator each evening will be paid \$35 per day (\$70 on holidays).
- Lab operators who serve as the on-call plant operator each evening will be paid \$90 per day (\$180 on holidays).
- In addition to receiving the on-call pay noted above, the on-call operators will be paid for the additional time spent responding to situations.
  - If responding by phone/tablet/laptop only, the on-call operator will be guaranteed at least 15 minutes of additional pay. All time over 15 minutes will be rounded up to the nearest 15 minute increment.
  - If responding in person, the on-call operator will be guaranteed at least two hours of additional pay. All time over two hours (portal to portal) will be rounded up to the nearest 15 minute increment.
  - Operators will be eligible for OT and shift differential pay as applicable for time spent responding.
- On-call pay is not considered special compensation and thus will not be included as a part of final compensation in calculating CalPERS pension.


#### **Holiday Pay**

- Any employee scheduled who works on either the actual holiday or the observed holiday will be paid at one and one-half times the employee's regular rate of pay. Since the employee is working the holiday, the employee will also be paid an additional eight hours at regular pay for that holiday.



## Board of Directors Staff Report

**To:** TVMWD Board of Directors

**From:** Matthew H. Litchfield, General Manager 

**Date:** March 3, 2021

**Subject:** **Resolution No. 21-03-DRAFT Records Retention Schedule and Policy Update**

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<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<b>\$</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Background:**

The Records Retention schedule and policy was last updated on October 16, 2019 when the District approved Resolution No. 19-10-863 adopting a Records Retention Policy to protect the District in cases or records requests and assist in the proper storage and handling of records. Resolution No. 21-03-DRAFT will supersede Resolution No. 19-10-863. Pursuant to Government Code Sections 60200-60204, the District's Board of Directors is authorized to destroy or dispose of any District record (with exceptions) that is not expressly required by law to be filed and preserved.

**Discussion:**

Legal Counsel reviewed the draft retention schedule attached as part of **Exhibit A** and revised the resolution and policy. The resolution includes an update to Article 7 and the policy includes additional Government Code Sections. The following is a proposed change to the schedule:

- Current: Board Meeting Audio Tapes – 6 months
- Proposed: Board Meeting Recordings, Audio/Video – 2 years

Staff will bring this item back for consideration of approval at a future board meeting as directed by the Board.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – Resolution No. 21-03-DRAFT

**Meeting History:**

None

NA/ML

**RESOLUTION NO. 21-03-DRAFT**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE THREE VALLEYS MUNICIPAL WATER DISTRICT  
ADOPTING A RECORDS RETENTION POLICY**

**WHEREAS**, the Board of Directors of the Three Valleys Municipal Water District finds as follows:

A. The Three Valleys Municipal Water District (“the District”) is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911, California Water Code Section 71000 et seq.

B. Pursuant to Government Code Sections 60200-60204, the District’s Board of Directors (“the Board”) is authorized to destroy or dispose of any District record (with exceptions) by utilizing any of the procedures set forth therein.

C. Under Government Code Section 60201(b)(2), the Board may authorize the destruction or disposition of any District record that is not expressly required by law to be filed and preserved by adopting by resolution a records retention schedule that complies with guidelines provided by the Secretary of State, that classifies all of the District’s records by category, and that establishes a standard protocol for destruction or disposition of records.

**THEREFORE, BE IT RESOLVED** by the Board of Directors of the Three Valleys Municipal Water District as follows:

Article 1. General Standard. It is the general policy of the District that all District records shall be retained, stored, or destroyed as authorized by the Board and allowed under California law.

Article 2. Authorization for Destruction of Records. Pursuant to Government Code Section 60201(b)(2), the record retention schedule attached hereto as **Exhibit “A”** and incorporated herein by this reference is hereby adopted in its entirety, subject to the exceptions contained in Article 6 of this Resolution. In accordance therewith, after the records referenced therein have been retained for the time periods and according to the process set forth therein, such records are hereby authorized to be destroyed. Pursuant to Government Code Section 60201(c), the District is not required to photograph, reproduce, microfilm, or make a copy of any record that is destroyed or disposed of in accordance with the provisions of this Article 2.

Article 3. Destruction of Records after Scanning. Any record not expressly required by law to be filed and preserved in original form may be destroyed at any time after it is electronically stored in conformance with the requirements of Government Code Section 60203, the applicable provisions of which are attached hereto as **Exhibit “B”** and

incorporated herein by this reference.

Article 4. Destruction of Duplicates. Pursuant to Government Code Section 60200, any duplicate record, paper, or document, the original or permanent photographic copy of which is in the files of the District, may be destroyed after confirmation that such original or permanent photographic copy remains on file in the District.

Article 5. Retention of Records Not Mentioned. All records, papers, and documents not mentioned in this Resolution may be scanned as archival records or destroyed so long as such disposal is consistent with the recommendation of the Local Government Records Management Guidelines as set forth by the Secretary of State (February 2006) as the same may be amended from time to time.

Article 6. Retained Records. Pursuant to Government Code Section 60201(d), the District shall permanently retain records that relate to formation, change of organization, or reorganization of the District; a District ordinance unless it has been repealed, or is invalid, or is unenforceable for a period of five years; minutes of a meeting of the Board; pending claims and litigation records for two years after the disposition; records that are the subject of a pending Public Records Act request until the request is granted or two years have passed since denial; records of construction projects prior to notice of completion and release of stop notices, if any; records related to non-discharged contracts or debts; records of title for District real property; unaccepted construction bids/proposals until two years old; records that specify the amount of compensation paid to District employees, office or independent contractors until seven years old; and any records for which the administrative, fiscal, or legal purpose has not yet been fulfilled.

Article 7. Periodic Review. This Resolution will be reviewed and revised by the Board on or before January 1, 2026, and as otherwise deemed necessary by the Board.

Article 8. Effective Date. This Resolution supersedes Resolution No. 19-10-863 adopted by the Board on or about October 16, 2019, and shall take effect immediately upon its adoption.

**ADOPTED** and **PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors, on this 17<sup>th</sup> day of March, 2021, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Bob G. Kuhn, President

ATTEST:

\_\_\_\_\_  
Carlos Goytia, Secretary

SEAL:

DRAFT



## RECORDS RETENTION SCHEDULE **DRAFT**

RECORD NAME	DESCRIPTION	OFFICE	ARCHIVES	DISPOSITION	REMARKS
Accident Reports		2	5	7	Admin. Decision
Accounts Payable (Warrants)	Invoices, check copies, supporting documents	5	0	5	GC 60201; Admin. Decision
Accounts Receivable	Invoice; Cash Receipts (JE's and Backup)	5	0	5	GC 60201; Admin. Decision
Ag Certifications		5	0	5	GC 60201; Admin. Decision
Ag Schedules		5	0	5	Admin. Decision
Agendas & Board Packets - Other Agencies		1	0	1	Admin. Decision
Agreements			P	P	Admin. Decision
As-Built Drawings	District facilities		P	P	Admin. Decision
Assessed Valuation (County)		2	0	2	GC 60201; Admin. Decision
Audit	Independent Auditors' Report (CAFR); any other audit report		P	P	GC 60201; Admin. Decision
Banking Deposit & Receipts		5	0	5	GC 60201; Admin. Decision
Bank Reconciliation	Including bank statements	6	0	6	GC 60201; Admin. Decision
Bids & Proposals - Accepted			P	P	GC60200-60204
Bids & Proposals - Unaccepted	Various Vendors' Statements of Qualifications	2	0	2	GC60200-60204
Board Meeting Agenda Packets		2	0	2	Originals may be destroyed after imaging. Admin. Decision
Board Meeting Audio Tapes (current) Board Meeting Recordings, Audio/Video (proposed)				*	*Destroy <del>6 months</del> 2 years after approval of minutes unless circumstances dictate otherwise. Admin. Decision
Bond Issue Records			P	P	GC 60200-60204
Bond Registers		5	0	5	GC 60200-60204
Bonds - Admin.	Account statements, administration, paid/cancelled coupons	10	0	10	GC 60200-60204; 53921; CCP 337.5
Boundary Modifications	Annexations/Detachments		P	P	GC60200-60204
Budget	Original adopted budget	3	0	3	GC60200-60204
Budget	Final adopted budget		P	P	GC60200-60204
Budget Amendments		3	0	3	GC 60201; Admin. Decision
Budget Work Papers	Drafts	2	0	2	Admin. Decision
Checks	Cancelled and voided checks	6	0	6	GC 60201; Admin. Decision



# Item 6.E - Exhibit A

CEQA Documentation	District projects		P	P	GC60200-60204/CEQA Guidelines 15095(c)
Claims, Damage		2	0	2	Destroy 2 years after settlement. GC 60201
Claims, Unemployment Ins.		5	0	5	Destroy 5 years after settlement. Admin. Decision
Committee Files	Committee agenda packets	2	0	2	Admin. Decision
Conflict of Interest Code			P	P	GC60200-60204
Construction Files	Live Oak spreading connection and conjunctive use		P	P	Admin. Decision
Contracts	Inactive contracts - records, supporting documents	2	3	5	Admin. Decision
Correspondence - Member Agency		3	0	3	Admin. Decision
Correspondence - Misc. & General	2003 ULFT MWD Waterwise Consulting 2002 - 2004 WEWAC Judging Sheets - Video Contest 01/1/03 - 04/16/06 ULFT MA Agreement Samples Feb 2002 MWD Master Agreement 2005 - 2006 MWD - Itinerary for ED. Field Trip March 13-15,08 MWD Letter Agreement City of San	2	0	2	Admin. Decision
Deferred Compensation Records	Employee/employer contribution reports/backup	5	0	5	Destroy 5 years after term.
Directors Files	Correspondence, biographical data, misc.		P	P	GC60200-60200; Admin. Decision
DMV - Motor Vehicle Pulls		2	5	7	GC129946; CA91009; 8USC1324(a)
Drafts, all		2	0	2	GC60200-60204
Elections	Correspondence, notifications and publications, certificates of election	2	3	5	May be destroyed 5 years after election. GC 81009
Emergency Planning	Drills, correspondence	2	0	2	Admin. Decision
Emergency Plans			P	P	GC 60201
Employee Benefits - General Inf.		2	0	2	Destroy when no longer relevant. Admin. Decision
Employee Benefits Records	Health Ins., Life Ins., Deferred Comp Plans		P	P	GC 6250 et seq; GC 6276.28; 29USC1027; 29CFR1627.3(b)(2)
Employee Health and Medical Records		30	0	30	8CCR 3204; GC 6264(c)
Employee Medical and Exposure Reports	Exposure to toxic substances, harmful agents, blood borne paths	30	0	30	8CCR 3204
Employee Recruitment Records		3	0	3	CA Code 12946; CA Labor Code 1197.5; 29CFR1627.3
Employee Training Records		2	5	7	Admin. Decision
Employment Applications	Hired	7	0	7	
Employment Applications	Not hired	2	0	2	GC 12946; GC6250 et seq; 29CFR1602.31
Federal and State Tax Reports	Informational returns	5	0	5	26CFR31.6001.1; 29CFR1627.3(2)

# Item 6.E - Exhibit A

Fixed Asset Inventory	Purchase date; cost; account number	5	0	5	GC 60201; Admin. Decision
Fixed Assets Surplus Property Auction	Listing of property	3	0	3	GC 60200-60204; CCP 337
Fixed Assets Surplus Property Disposal	Sealed bid sales	5	0	5	GC 60200-60204; CCP 337
Flow Charts		5	0	5	Admin. Decision
Formation Files	Articles of Incorporation, formation documentation		P	P	GC60200-60204; CCP 337.2
General Ledger	Detailed transaction ledger for balance sheet, revenues & expenses		P	P	GC 60200-60204
General Ledger Back-up	JE's; all other support contained in other sections	5	0	5	GC 60200-60204
Grant Files - Successful	Correspondence, grant applications		P	P	Refer to Grant Application Package for Retention Inf.
Grant Files - Unsuccessful	Correspondence, grant applications	5	0	5	Admin. Decision
Grievance Records		5	0	5	Destroy 5 years after Settled. Admin. Decision
Hazardous Waste Handling Documentation			P	P	40 CFR 122.21; Admin. Decision
Hydroelectric Contracts			P	P	Admin. Decision
Insurance Certificates		2	0	2	Destroy 2 years after expiration. Admin. Decision
Insurance Policies	Liability & Property		P	P	Admin. Decision
Insurance Policies - Health Plans		5	0	5	Destroy 5 years after exp.
Investment Transactions	Statements for all (transactions; inventory; earnings)		P	P	GC 60201; Admin. Decision
Invoices - MWD		5	5	10	Admin. Decision
Journal Entries		5	0	5	GC 60201; Admin. Decision
Lab Reports & Tests - Bacteriological Analysis		12	0	12	40 CFR 141.33; Admin. Decision
Lab Reports & Tests - Chemical Analysis			P	P	40 CFR 141.33; Admin. Decision
Lab Reports & Tests - Quality			P	P	40 CFR 141.91
Labor Negotiations	Notes, correspondence, contracts, MOU's		P	P	29 USC 211(c), 203(m), 207(g); Admin. Decision
Lawsuits - Basin Adjudication			P	P	Admin. Decision
Lawsuits - Civil Rights Related Actions		7	0	7	Retain 7 years after settlement. 42 USC 1983
Lawsuits - Other than Civil Rights or Basin Adjud		4	0	4	Destroy 4 years after settlement. GC 60201; Admin. Decision
Legislation - State & Federal	General information & correspondence	2	0	2	Admin. Decision
Maintenance & Repair	San Antonio spreading grounds conjunctive use project, contract docs	3	0	3	Admin. Decision
Meetings, Staff	Agendas, communications, notes, backup	2	0	2	Admin. Decision
Member Agency Service Connections			P	P	Admin. Decision
Meter Reads - Miramar			P	P	Admin. Decision
Meter Reads - MWD		3	0	3	Admin. Decision
Minutes	Minutes of meetings of TVMWD Board of Directors		P	P	Image for safety, keep originals. GC60200-60204
MSDS / SDS	Material Safety Data Sheets / Safety Data Sheets	30	0	30	29 CFR 1910.1200; 8CCR 3204(d)(1)(B)(2)
Non-Record	Manuals, brochures, newsletters, other agency information, extra copies	2	0	2	May be destroyed when no longer useful or relevant
Not Coded	Not on Retention Schedule		P	P	

# Item 6.E - Exhibit A

Oaths of Office		6	0	6	May be destroyed 6 years after term expires. GC60200-60204; 29USC1113
Operations & Maintenance Records	District facilities	12	P	12	GC60200-60204; Admin. Decision
Operations Activity Reports			P	P	Admin. Decision
Payroll Related Reports & Records	distribution, check posting list, GL account posting	P	P	P	29 CFR 516
Personnel Files	Applications, changes, terminations, performance evaluations	7	0	7	Destroy 5 years after termination
Petty Cash Reports/Vouchers		5	0	5	GC 60200-60204
Plans & Specifications - District Facilities			P	P	Admin. Decision
Project Files - Non Construction	Project files	2	3	5	Admin. Decision
Property - Deeds, Easements, Rights of Way			P	P	GC60200-60204
Property Acquisitions/Sales			P	P	GC60200-60204; 6254
Property Appraisals - District Property			P	P	GC60200-60204; 6254(h)
Public Affairs Programs & Activities	Activities, events, tours, ULFT program, water education program	2	3	5	GC60200-60204; Admin. Decision
Public Affairs Reports and Publications	Annual reports, publications and historical material	7	0	7	Admin. Decision
Public Records Act Requests		2	0	2	
Purchase Orders	PO's and supporting documents	5	0	5	
Redistricting			P	P	GC60200-60204
Reports and Studies	District-related projects and facilities		P	P	Admin. Decision
Resolutions & Ordinances			P	P	Image for safety, keep originals. GC60200-60204
Safety Meetings	Agendas, training material, sign-in sheets	2	0	2	GC60200-60204; Admin. Decision
Salary & Classification Surveys	Including job description development	2	0	2	LC 1197.5(d), 1174(d)
Software license agreement and documentation	Software license agreements, includes Software-as-a-Service agreements	4	0	4	CCP §§336(a), 337
Standby Charge	Assessment Documentation, Reports		P	P	Admin. Decision
State Controllers Report			P	P	GC 60201; Admin. Decision
Statements of Economic Interest		7	0	7	May be destroyed 7 years after leaving office. GC 81009(e)
Subject Files	Information and reference material	2	0	2	May be destroyed when no longer relevant. GC60200-60204
Taxes - Fed & State	Forms 1096, 1099, W-4s and W-2s	5	0	5	IRS REG 301.650(1)-1; Admin. Decision
Taxes Receivable	Schedules; cash receipts (JE's and backup)	4	0	4	GC 60201; Admin. Decision
Travel Records		7	0	7	
Time Sheets	Activity listing; approval history	7	0	7	8CCR11000-11150; LC 1174(d); 29CFR 516.6(a)(1)
Urban Water Management Plan			P	P	Water Code; Admin. Decision
Urban Water Management Plan Work File, Drafts	Work file, drafts	2	3	5	Water Code; Admin. Decision
USA Tickets		2	3	5	Admin. Decision
Vacation/Sick Leave Reports		5	0	5	29 CFR 516.2; CCR 108502; Admin. Decision
Vehicle - Fuel & Mileage Records		2	0	2	Admin. Decision

# Item 6.E - Exhibit A

Vehicle Maintenance Records		2	0	2	Keep until no longer owned by District
Vehicle Ownership/Title		L	0	L	GC 6020; Admin. Decision
Warrant Register		3	0	3	GC 60201; Admin. Decision
Workers Comp Claims, Reports, Incidents			P	P	8 CCR 10102; maintain e-copies
Workers Comp Insurance			P	P	Destroy 5 years after exp. 8 CCR 10102; maintain e-copies
Workers Comp/OSHA	Claim files, reports, incidents		P	P	CCR 14311, 15400.2; CA Labor Code 110-139.6

<b>LEGEND:</b>
P = Permanent
L = Lifetime

## Records Retention Policy

**EXHIBIT B**

The following sections of the California Government Code are incorporated into Article 3 of the District's records retention policy:

**60203. Records, papers, or documents not required to be filed; conditions.**

(a) Notwithstanding [Government Code] Section 60201, the [District's Board of Directors] may authorize the destruction of any record, paper, or document that is not expressly required by law to be filed and preserved if all of the following conditions are compiled with:

(1) The record, paper, or document is photographed, micro-photographed, reproduced by electronically recorded video images on magnetic surfaces, recorded in the electronic data processing system, recorded on optical disk, reproduced on film or any other medium that is a trusted system and that does not permit additions, deletions, or changes to the original document in compliance with Section 12168.7 [below] for recording of permanent records or non-permanent records.

(2) The device used to reproduce the record, paper, or document on film, optical disk, or any other medium is one that accurately reproduces the original thereof in all details and that does not permit additions, deletions or changes to the original document images.

(3) The photographs, micro-photographs, or other reproductions on film, optical disk, or any other medium are placed in conveniently accessible files and provision is made for preserving, examining, and using the files.

(b) For the purposes of this section, every reproduction shall be deemed to be an original record and a transcript, exemplification, or certified copy of any reproduction shall be deemed to be a transcript, exemplification, or certified copy, as the case may be, of the original.

**12168.7 Standards for Recording Permanent and Nonpermanent documents in electronic media; trusted system.**

(a) The Legislature hereby recognizes the need to adopt uniform statewide standards for the purpose of storing and recording public records in electronic media or in a cloud computing storage service.

## Records Retention Policy


- (b) In order to ensure that uniform statewide standards remain current and relevant, the Secretary of State, in consultation with the Department of Technology, shall approve and adopt appropriate uniform statewide standards by using standards that are accredited by the American National Standards Institute or other applicable industry-recognized standards making body, including the International Organization for Standardization TR 15801:2017 or successor standard, for storing and recording public records in electronic media or in a cloud computing storage service.
- (c) (1) The standards specified in subdivision (b) shall include a requirement that a trusted system be utilized. For this purpose and for purposes of [Government Code] Sections 25105, 26205, 26205.1, 26205.5, 26907, 27001, 27322.2, 27361.4, 34090.5, and 60203, Section 102235 of the Health and Safety Code, and Section 10851 of the Welfare and Institutions Code, “trusted system” means a combination of technologies, policies, and procedures for which there is no plausible scenario in which a public record retrieved from or reproduced by the system could differ substantially from the public record that is originally stored.
- (2) For a state agency that stores and records public records pursuant to this section, the uniform statewide standards specified in subdivision (b) shall include a definition of “trusted system” that combines the various elements of trusted systems specified in this section.
- (d) (1) A cloud computing storage service that complies with International Organization for Standardization ISO/IEC 27001:2013, or other applicable industry-recognized standards relating to techniques and information security management, and that provides administrative users with controls to prevent stored public records from being overwritten, deleted, or altered, shall be considered a trusted system.
- (2) Notwithstanding paragraph (1), all public records stored or recorded in electronic media or in a cloud computing service by a state agency shall comply with a trusted system as defined in the uniform statewide standards adopted pursuant to subdivision (b).
- (e) A trusted system using cloud computing storage service shall also comply with applicable standards articulated in the State Administrative Manual and the Statewide Information Management Manual. This requirement applies to state agencies and does not apply to local government entities, except to local government entities that have a system interconnection or data exchange with a state agency, or that contract with a state agency, for the development, use, or maintenance of an information system, product, solution, or service.

Records Retention Policy

- (f) (1) A state agency, prior to establishing an information technology system interconnection or data exchange with a local government entity or otherwise partnering with a local government entity for the development, use, or maintenance of an information technology system, product, or service, shall first enter into a written agreement with that local government entity for the purpose of establishing mutually agreeable terms that protect relevant public records.
- (2) The requirements of paragraph (1) shall apply prospectively, after the effect date of this subdivision, to new agreements of the types specified and to existing agreements of the types specified when they are considered for renewal.
- (g) For the purposes of this section, the following definitions shall apply:
- (1) "Cloud computing" has the same definition as the term is defined by the National Institute of Standards and Technology Special Publication 800-145, or a successor publication, and includes the service and deployment models referenced therein.
- (2) "Public records" includes permanent and nonpermanent documents.
- (3) "State agency" has the same meaning as that term is defined in [Government Code] Section 11000.
- (h) The Secretary of State shall ensure that microfilming, electronic data imaging, and photographic reproduction are done in compliance with the minimum standards or guidelines, or both, as recommended by the American National Standards Institute for recording of public records or any other applicable and comparable industry standard.
- (i) Nothing in this section shall prohibit a local government entity from adopting applicable standards articulated in the Secretary of State's uniform statewide standards for Trustworthy Electronic Document or Record Preservation, the State Administrative Manual, or the Statewide Information management Manual for purposes of utilizing a trusted system as defined in subdivision (c).



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 3, 2021  
**Subject:** **FY 2021-22 Strategic Plan**

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<input checked="" type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<b>\$</b>
<input type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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### **Staff Recommendation:**

**Approve the FY 2021-22 Strategic Plan as presented**

### **Background:**

The Strategic Plan is derived from TVMWD’s mission and vision statements, as they provide a big picture perspective regarding TVMWD. The Strategic Plan outlines the challenges that need to be addressed and sets a roadmap for achieving TVMWD’s mission and vision. The Strategic Plan also establishes the priorities for the upcoming fiscal year.

### **Discussion:**

Attached for review is an updated draft of the FY 2021-22 Strategic Plan. Staff has incorporated board member’s comments regarding the following items:

- Environmentally Responsible
  - Objective 1.3 has been updated to “Maintain diverse and environmentally responsible sources of water supplies and storage”
- Promotion of Conservation
  - Objective 1.6 has been created as “Support water conservation programs and water use efficiency”
    - The following actions have been identified associated with this objective:
      - Promote MWD funding for water conservation device and program rebates
      - Support Member Agency conservation coordinators’ programs
      - Provide outreach in support of conservation initiatives
- Website Information
  - The first action item of Objective 3.2 “Maintain website with useful information” has been updated to reflect that we will maintain two years rather than one year of board agendas, packets, minutes, and recordings



- Diversity
  - The first action item of Objective 4.2 has been updated to “Invest in qualified and diverse personnel and provide proper training”
- Goals Progress and Completion
  - Staff will regularly provide a progress/completion status of the Goals, Objectives and Actions

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – FY 2021-22 Strategic Plan (Draft)

**Meeting History:**

Board of Directors Meeting February 17, 2021

NA/JL

# STRATEGIC PLAN

FY 2021-2022



**TABLE OF CONTENTS**

<u>Section</u>	<u>Page #</u>
Purpose of Strategic Plan .....	1
Mission.....	1
Vision .....	1
Core Values.....	2
Profile .....	3
Industry Outlook.....	4
Challenges.....	5
Goals.....	5
Reserve Policies .....	8
Debt Management Analysis.....	9
Five-Year Capital Program.....	10
Priorities for FY 21-22 .....	14
Acronyms and Abbreviations .....	15



**PURPOSE OF STRATEGIC PLAN****DRAFT**

**The strategic plan sets the short-term and long-term path for achieving TVMWD's mission and vision. The plan provides the opportunity to reflect on challenges at TVMWD and in the water industry to ensure we are setting goals, objectives and actions that best serve the regional needs of TVMWD.**

**MISSION**

**The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.**

**VISION**

**TVMWD meets its regional water supply needs through:**

- 1. Collaboration with its member agencies to understand their short-term and long-term needs**
- 2. Development and implementation of a plan to address these needs in a cost-effective manner based on current water conditions**
- 3. Periodic update of the plan as needs or as major changes in water conditions occur**
- 4. Adaptive management strategies that seek a combination of operational and cost efficiency**

## CORE VALUES

To achieve success, TVMWD must have a set of core values from which it bases its policies and actions. To meet current and future challenges, the single most important factor to our success is faithful and consistent adherence to these values.



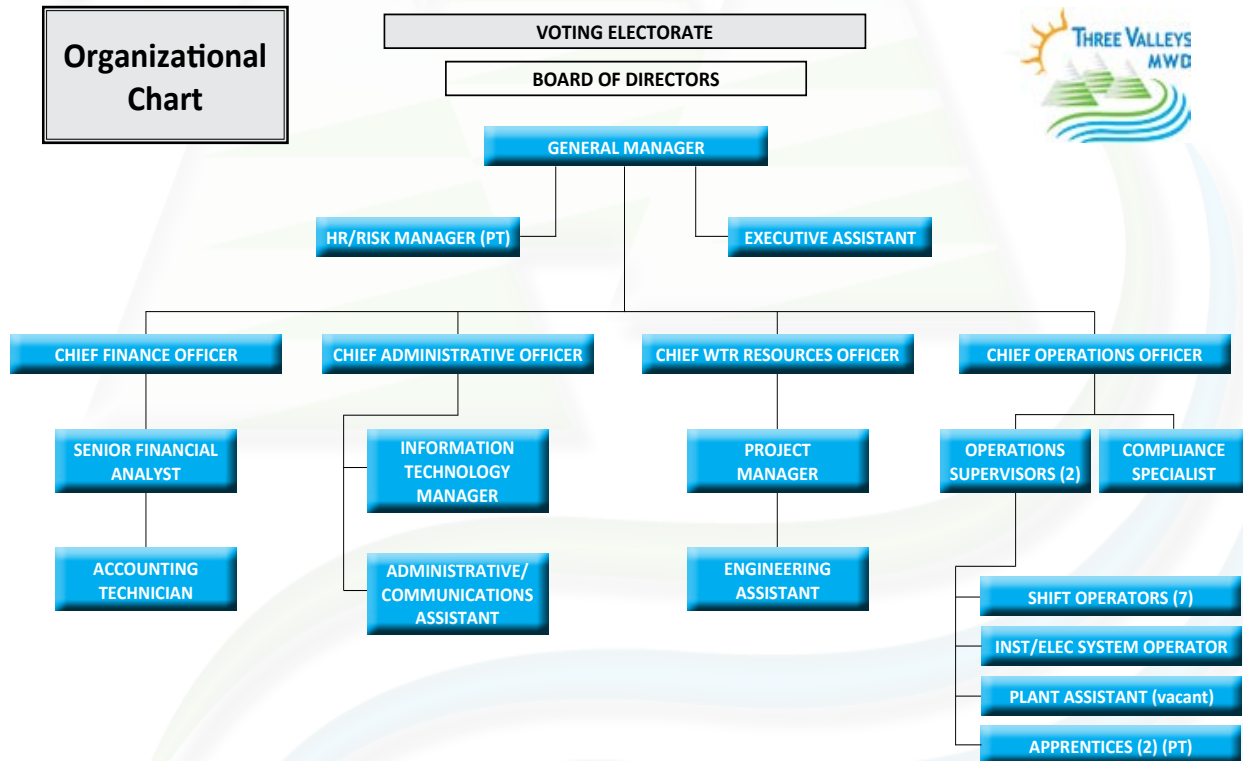
- Teamwork – the coordination, collaboration, participation and understanding of everyone’s role in fulfilling the mission and vision
- Communication – the exchanging of information and sharing of ideas
- Customer Service – the process of ensuring customer satisfaction
- Personal Responsibility – being accountable for something within one’s control
- Employee Development – the steps taken to encourage each employee’s professional and personal growth
- Professional Integrity – the manner in which people behave and act in the workplace
- Innovation – the process of inventing or introducing something new
- Recognition – appreciating the value of an achievement

**PROFILE**

TVMWD is a special district formed by public election in 1950 and is the area’s primary source of supplemental water covering the Pomona, Walnut and East San Gabriel Valleys. TVMWD is one of 26 member agencies of the Metropolitan Water District of Southern California (MWD) that is authorized to deliver wholesale water supplies from the Colorado River and Northern California. The region served by TVMWD spans over 133 square miles and serves 13 retail member agencies that in turn serve a population of over 500,000.

TVMWD’s operations consist of a conventional surface water treatment plant, a state certified laboratory, three groundwater production wells, five hydroelectric generators, residual solids removal, groundwater recharge pipelines, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies by way of several miles of pipeline. Approximately 30% of TVMWD’s total treated sales are from the Miramar Treatment Plant, while the remaining 70% is from MWD’s Weymouth Treatment Plant. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY. TVMWD has water storage accounts in Six Basins (stored: approx. 3,000 AF; capacity: 3,500 AF) and Main San Gabriel Basin (stored: approx. 9,000 AF; capacity: 50,000 AF).

TVMWD is governed by a seven-member Board of Directors elected by the registered voters residing within TVMWD’s boundaries. The Board has a combined 77 years of experience with TVMWD. TVMWD employs a team of 24 staff members who are responsible for administering the day-to-day operations of the facility and implementing strategic objectives and policies set forth by the Board. The average tenure of TVMWD employees is 10 years. This stability provides a tremendous benefit to TVMWD.



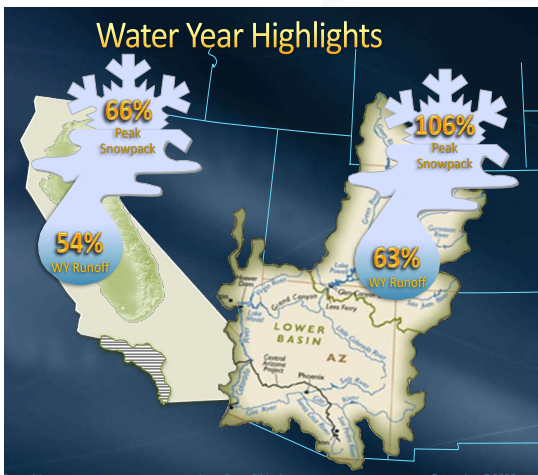
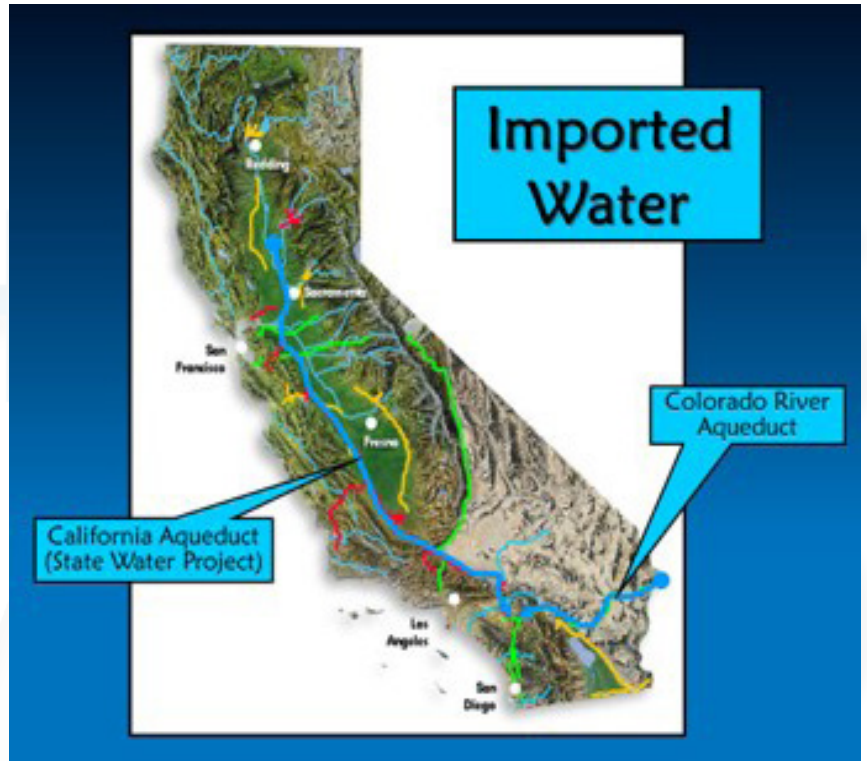
Matthew Litchfield, P.E.  
General Manager

July 1, 2020  
Date

FTE-25.5

## INDUSTRY OUTLOOK

MWD imports water supplies to Southern California from two main sources: the Sacramento and San Joaquin Rivers through the State Water Project (SWP) and the Colorado River via the Colorado River Aqueduct (CRA). The SWP is operated and maintained by the California Department of Water Resources, who allocates water annually to each of the twenty-nine SWP contractors throughout the state. MWD is the largest contractor of the SWP, receiving about 50% of the supplies. The CRA is owned, operated and maintained by MWD. Operation of the CRA is dictated by The Law of the Colorado River, which provides for the benefit of the seven western states that rely on the Colorado River or its tributaries.



California's weather conditions continue to be unpredictable and fluctuate from year-to-year. Southern California received above average precipitation in November and December of 2019 but that was followed by some extremely dry conditions in January and February. The statewide snowpack only peaked at 64% of normal. Despite the deficient snowpack, California's reservoir levels continue to remain in good condition. As of June 30, 2020, 60% of the state is seeing drought conditions, mostly in Central and Northern California, with Southern California in the clear for now. Southern California must deal with challenges such as climate change, demographic shifts and increasing water supply costs. MWD is preparing for the future by addressing these challenges and striving to provide a reliable water supply through an evolving

long-term water strategy known as its Integrated Water Resources Plan (IRP). In late January 2020, MWD formed a special committee to provide input on how the region's water supplies will be developed and managed over the next two decades. The committee will make recommendations to the MWD board on preparing a new IRP that incorporates various scenarios for the future.

On the horizon, the Delta Conveyance Project is moving forward. This project is an infrastructure upgrade that will improve the reliability and sustainability of California's aging water system, improve river flows and benefit the fragile Sacramento-San Joaquin Delta (Delta) ecosystem. The main infrastructure improvement is a single tunnel pipeline to carry the water under the Delta to the existing aqueduct systems in the southern Delta that deliver water to cities and farms. The project will take approximately 13 years for completion. Recently, MWD approved funding for moving forward with their portion of the environmental study.

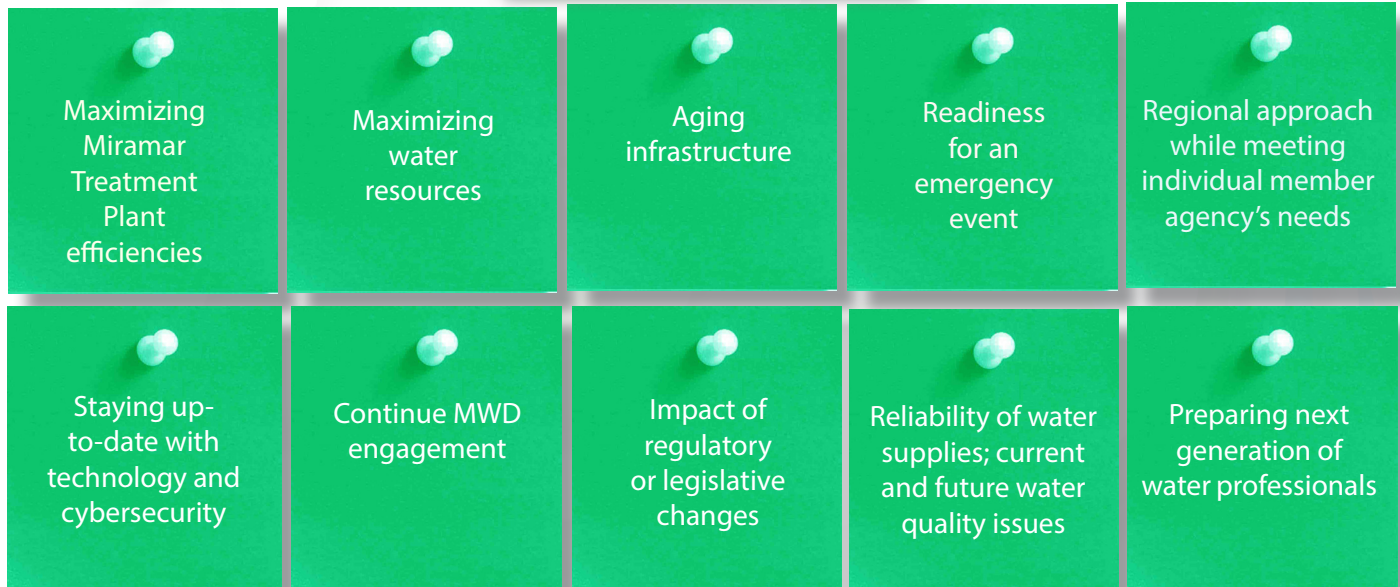
## CHALLENGES

The Executive Team has identified the following items as current or ongoing challenges.

### CURRENT CHALLENGES



### ONGOING CHALLENGES



## GOALS

The following goals have been identified to assist TVMWD in executing its mission:

1. Provide an adequate, reliable, high-quality water supply
2. Provide water supplies in the most cost-effective manner
3. Be financially responsible and maintain public trust
4. Continuously implement organizational enhancements

Each goal has several specific objectives and actions to support the goals and address the challenges above.



**GOALS****Goal #1 - Provide an Adequate, Reliable, High-Quality Water Supply**

<b>Objective</b>	<b>Action</b>
1.1 Secure water supplies that exceed the estimated annual demands by 10%	<ul style="list-style-type: none"> <li>§ Obtain short-term and long-term needs annually from member agencies; obtain additional supplies if necessary</li> <li>§ Maintain one-year supply of storage in local groundwater basins</li> </ul>
1.2 Maintain 100% compliance with water quality standards	<ul style="list-style-type: none"> <li>§ Comply with all EPA and State Water Board standards for safe drinking water</li> <li>§ Update treatment methods as needed</li> </ul>
1.3 Maintain diverse and environmentally responsible sources of water supplies and storage	<ul style="list-style-type: none"> <li>§ Comply with MWD 10-year Purchase Order agreement</li> <li>§ Determine need for additional spreading capabilities in local groundwater basins</li> <li>§ Participate in regional collaborative efforts to bolster local water supplies</li> <li>§ Communicate importance of Delta Conveyance Project and Carson Project</li> </ul>
1.4 Maintain water infrastructure to assure 100% reliability	<ul style="list-style-type: none"> <li>§ Utilize asset management/GIS to identify infrastructure needing repair/replacement</li> <li>§ Budget for replacement based on estimated remaining useful life</li> </ul>
1.5 Prepare for long-term MWD shutdown or catastrophic event that affects operations	<ul style="list-style-type: none"> <li>§ Continue working with MWD, IEUA, WFA and other agencies on potential solutions to minimize impact of planned Rialto Feeder shutdown for PCCP Rehabilitation (2035)</li> <li>§ Coordinate plans and resource sharing with member agencies and PWAG</li> <li>§ Conduct emergency operations exercises at least three times per year</li> <li>§ Address business recovery and continuity</li> </ul>
1.6 Support Water Conservation Programs and Water Use Efficiency	<ul style="list-style-type: none"> <li>§ Promote MWD funding for water conservation device and program rebates</li> <li>§ Support Member Agency Conservation Coordinators' programs</li> <li>§ Provide outreach in support of conservation initiatives</li> </ul>

**Goal #2 – Provide Water Supplies in the Most Cost-Effective Manner**

<b>Objective</b>	<b>Action</b>
2.1 Increase Miramar Treatment Plant deliveries to 60%-70% of available capacity	<ul style="list-style-type: none"> <li>§ Shift more demand from the Weymouth plant to the Miramar Treatment Plant</li> <li>§ Consider additional connections to Miramar Treatment Plant</li> <li>§ Operate Puente Basin Water Agency Six Basins Groundwater Project</li> </ul>
2.2 Reduce residual solids disposal costs	<ul style="list-style-type: none"> <li>§ Increase efficiency of belt filter press</li> <li>§ Put hauling/disposal costs out to annual bid</li> <li>§ Consult other agencies to see if beneficial use for solids</li> </ul>
2.3 Maintain well efficiency at industry standards	<ul style="list-style-type: none"> <li>§ Consider pulling equipment; brush and bail, spinner testing, design new pump bowls to maximize efficiency</li> </ul>
2.4 Increase involvement and awareness of all aspects of MWD	<ul style="list-style-type: none"> <li>§ Increase participation and staff presence at all MWD meetings</li> </ul>
2.5 Increase ability to store water for future use	<ul style="list-style-type: none"> <li>§ Review options within local basins for purchasing and storing more groundwater</li> </ul>

**GOALS****Goal #3 – Be Financially Responsible and Maintain Public Trust**

<b>Objective</b>	<b>Action</b>
3.1 Utilize and comply with a set of financial policies to maintain TVMWD's financial health	<ul style="list-style-type: none"> <li>§ Maintain financial policies:               <ul style="list-style-type: none"> <li>• Annual budget and rate making process</li> <li>• Debt management</li> <li>• Reserves</li> <li>• Cash management &amp; investments</li> </ul> </li> <li>§ Maintain accreditation of SDLF's "District of Distinction"</li> </ul>
3.2 Maintain website with useful information	<ul style="list-style-type: none"> <li>§ Maintain two-year history: board agendas, packets, minutes, and recordings</li> <li>§ Maintain two-year history: financial and water quality reports</li> <li>§ Maintain SDLF's "District Transparency Certificate of Excellence"</li> <li>§ Place board meeting audio/video recordings on website for public viewing</li> </ul>
3.3 Be accountable and transparent with major decisions	<ul style="list-style-type: none"> <li>§ Board staff reports will specify the strategic plan objective achieved with the requested action</li> <li>§ Obtain board approval as needed for policy changes</li> </ul>
3.4 Communicate to residents and local government policy makers what TVMWD's role is in the delivery of water	<ul style="list-style-type: none"> <li>§ Promote achievement of TVMWD goals and objectives</li> <li>§ Communicate the importance of TVMWD so the value provided is recognized and supported</li> <li>§ Coordinate communication efforts with member agencies so they reiterate the benefit provided</li> <li>§ Provide tours of TVMWD facilities</li> <li>§ Facilitate tours of MWD facilities</li> </ul>
3.5 Maintain awareness of legislation that may affect TVMWD	<ul style="list-style-type: none"> <li>§ Track and support/oppose all proposed legislation affecting TVMWD and keep apprised of bills potentially impacting TVMWD</li> </ul>

**Goal #4 – Continuously Implement Organizational Enhancements**

<b>Objective</b>	<b>Action</b>
4.1 Implement new accounting and human resource software by 2022 that provides for efficient use for all departments	<ul style="list-style-type: none"> <li>§ Finalize associated needs for all departments</li> <li>§ Issue RFP, select a vendor and plan timeline for effective implementation</li> </ul>
4.2 Prepare for transition to the next generation of water professionals	<ul style="list-style-type: none"> <li>§ Invest in qualified and diverse personnel and provide proper training</li> <li>§ Provide opportunities for staff interaction and feedback</li> <li>§ Maintain a succession plan that fosters qualified internal candidates for vacancies and retains institutional knowledge</li> <li>§ Adhere to a compensation philosophy that retains staff</li> <li>§ Maintain a health and wellness program to minimize absences and improve employee's overall well-being</li> </ul>
4.3 Increase use of technology to secure information and keep current with industry standards	<ul style="list-style-type: none"> <li>§ Create a technology master plan</li> <li>§ Implement full enterprise GIS</li> <li>§ Upgrade Miramar and offsite facility access security controls</li> </ul>
4.4 Align agreements to current business practices	<ul style="list-style-type: none"> <li>§ Meet with all parties to agreements, discuss terms and draft new agreements</li> <li>§ Consider whether additional agreements are necessary</li> </ul>
4.5 Build upon efficiencies gained while working remotely	<ul style="list-style-type: none"> <li>§ Add more equipment that facilitates remote operations by staff</li> <li>§ Improve public engagement by pushing for legislation that continues remote public meetings</li> <li>§ Require scheduled remote work by staff to continue readiness for emergency events</li> </ul>

**RESERVE POLICIES**

- a. Consistent with sound and prudent fiscal practices as well as legal requirements, TVMWD will maintain reserve funds that comply with adopted policy and legal bond documents.
- b. Objectives of reserve funds:
  - i. To balance short-term fluctuations in revenues/expenses without adopting unplanned rate increases.
  - ii. To provide a safety net in the event of emergency.
  - iii. To minimize external borrowing and interest expense.
  - iv. To determine the most opportune time to issue debt when necessary.
- c. In setting reserve goals TVMWD will consider that reserve levels affect bond ratings and ultimately the ability to access debt markets at favorable interest rates.
- d. The Board shall annually reevaluate what is reasonable for each reserve fund.

<b>Reserve</b>	<b>Goal</b>	<b>Description</b>	<b>Source</b>
<b>Board Election</b>	\$160,000 - \$240,000	To cover biennial election and associated costs.	Water rate over the 2 subsequent years.
<b>Water Rate Stabilization</b>	\$1,200,000 - \$1,800,000	To help fund operations when water sales are less than projected. Reserve shall be set at an amount to supplant lost income in the event of 10% water sales shortages over a 2-3 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years unless rate stabilization utilized to balance upcoming budget.
<b>Capital Investment Program</b>	\$4,000,000 - \$9,600,000	To cover expected and actual capital project/repair/replacement costs over the next 2-4 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
<b>Opportunity</b>	\$2,000,000 - \$3,000,000	For unbudgeted, unplanned or opportunistic projects that can increase supply reliability or decrease rates.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
<b>Employee Benefit</b>	\$3,800,000	To accumulate funds to offset net OPEB and pension liabilities. Funds to be deposited at the close of each fiscal year to the Post Employment Benefit Trust until the balance of the trust and CalPERS assets reaches approximately 90% of the total liability. This reserve will maintain the remaining 10% to offset the unfunded liability and to ensure the trust is not overfunded.	Unassigned Reserves. The board will approve a rate funding strategy during the annual budget process.
<b>Emergency</b>	Total available reserve balances of at least \$10,000,000	To cover unexpected costs from litigation, catastrophic events, business interruptions, or other events deemed as emergencies by the Board.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
<b>Unassigned</b>	Remaining balance of unrestricted net assets	To replenish all other reserves and then accumulate excess reserves above goal amounts.	Excess retained earnings.

## DEBT MANAGEMENT ANALYSIS

### TVMWD DEBT SUMMARY

TVMWD is debt free.

### ANALYSIS

Based on budget/rate forecasts and the five-year capital improvement plan, TVMWD should not need to issue debt in the foreseeable future. However, TVMWD is well positioned to obtain debt at favorable rates should the need arise.



**Project Enhanced Groundwater Production**

**Description** Continued strategy to develop additional groundwater production capability within the groundwater basins that underlie TVMWD. Place the Miragrand Well into service for a total of four operating wells. Pursue the acquisition of a parcel on Caltrans property near Padua Ave and Montana Lane north of I-210 for a future well site. This supply will augment imported water in the Miramar system for water delivery to the member agencies. Enhancing the capability to use local resources lessens the overall cost of water from Miramar and improves the reliability of supplies during emergencies. To the extent possible, existing wells that can be utilized will be incorporated into the strategy. In some cases, treatment may be required. In addition, Well No.2 will need inspection and rehab work as it is approaching 10 years of being in service.



**Purpose**

- Serves as a cost-efficient source of water.
- Provides additional options during emergency situations or drought conditions.



**TVMWD Objective**

- 1.3 - Maintain diverse and environmentally responsible sources of water supplies and storage.
- 1.5 - Prepare for long-term MWD shutdown or catastrophic event that affects operations.
- 2.3 - Maintain well efficiency at industry standards.

Fiscal Year	21/22	22/23	23/24	24/25	25/26
Cost Estimate	1,050,000	1,000,000	-	200,000	3,500,000
Encumbered					
Grant or Other Funding					
<b>Budget Needs</b>	<b>1,050,000</b>	<b>1,000,000</b>	<b>-</b>	<b>200,000</b>	<b>3,500,000</b>

**Project**      **Miramar Pipeline Repairs & Improvements**

**Description**      Repair and improvement costs associated with the Miramar Transmission Pipeline. All phases of the initial visual inspections of the transmission main were completed by FY 2017-2018. Based on those observations, there were no major deficiencies requiring immediate repairs. In the future, TVMWD will conduct inspections involving more sophisticated non-destructive techniques to acquire a more precise assessment of the 30-plus-year-old pipeline. Next inspections are scheduled for FY 2023-2024. Repair phases will then follow based on those inspection outcomes. Other improvements will also be undertaken to address pipeline reliability and/or water quality issues. An electrical system upgrade is already in process, which will add the ability to connect a portable generator. This connection will provide service to the Miramar Plant and allow Wells No.1 and No.2 to be operated during a power outage. In addition, TVMWD is planning to perform necessary maintenance on the existing chlorine delivery system and possibly upgrading the capacity. This effort will be focused on maintaining system reliability and continuing to meet all water quality goals and objectives.



- Purpose**
- Maintains pipeline integrity.
  - Ensure water deliveries during emergency situations.
  - Lengthens the useful life of the facilities.
  - Improve water quality.

- TVMWD Objective**
- 1.2 - Maintain 100% compliance with water quality standards.
  - 1.4 - Maintain water infrastructure to assure 100% reliability.
  - 2.1 - Increase Miramar Treatment Plant deliveries to 60%-70% of available capacity.



Fiscal Year	21/22	22/23	23/24	24/25	25/26
Cost Estimate	500,000	-	-	200,000	-
Encumbered					
Grant or Other Funding					
<b>Budget Needs</b>	500,000	-	-	<b>200,000</b>	-

**Project MWD Service Connections Enhancements**

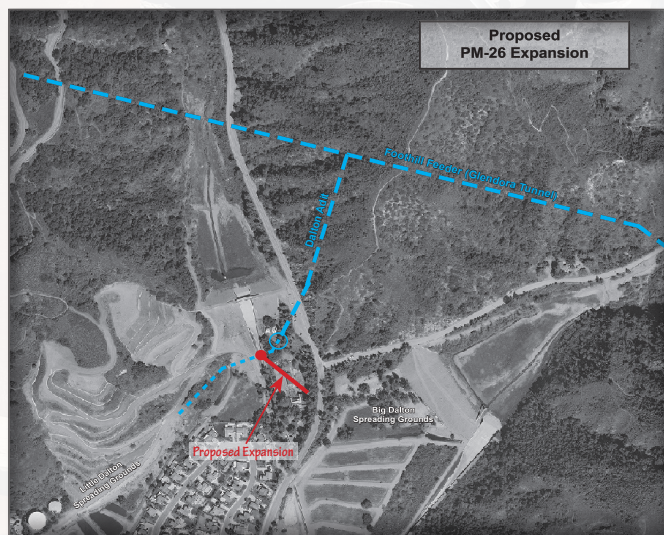
**Description** Planning, design, environmental and construction costs to add a new PM-26A spreading connection near the existing PM-26 location. The existing connection currently delivers untreated import water to the Little Dalton Spreading Grounds, for which delivery rates are very limited. The addition of a new service connection and pipeline would allow delivery of water from the Rialto Pipeline into the adjacent Big Dalton Spreading Grounds and other potential recharge facilities downstream. This added capacity would allow TVMWD to utilize more spreading water over shorter periods of time in the Main San Gabriel Basin. This is a joint effort among TVMWD, City of Glendora, and LA County Public Works. Two new service connections (PM-27 & PM-29) are in the exploration and planning phase; both are being considered for enhancing ability to deliver water for groundwater recharge.



**Purpose** • Increases spreading capabilities.

**TVMWD Objective**

- 1.3 - Maintain diverse and environmentally responsible sources of water supplies and storage.
- 1.5 - Prepare for long-term MWD shutdown or catastrophic event that affects operations.



Fiscal Year	21/22	22/23	23/24	24/25	25/26
Cost Estimate	100,000	1,000,000	1,000,000	-	-
Encumbered					
Grant or Other Funding					
<b>Budget Needs</b>	<b>100,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	-	-

**Project**      **Miramar Building and Site Improvements**

**Description**    Design and construction of various upgrades and improvements for the Miramar buildings and site as well as at other TVMWD-owned facilities. Some of the projects envisioned over the next several years include installing additional security, office lighting efficiency upgrade, installing additional roof structure over various areas, replacing the belt on the belt filter press, and replacing the carports covers.



- Purpose**
- Maintain TVMWD facilities in modern, working order to accommodate the needs of staff and visitors.
  - Improve security at TVMWD facilities.
  - Make efficient use of available space.



**TVMWD Objective**    1.4 - Maintain water infrastructure to assure 100% reliability.

Fiscal Year	21/22	22/23	23/24	24/25	25/26
Cost Estimate	284,000	275,000	75,000	375,000	-
Encumbered				(17,952)	
Grant or Other Funding					
<b>Budget Needs</b>	<b>284,000</b>	<b>275,000</b>	<b>75,000</b>	<b>357,048</b>	<b>-</b>



**PRIORITIES FOR FY 21-22**

Based on TVMWD's goals and objectives, the following priorities have been identified:

**1. Increase Ability to Store and Extract Water**

- a. Enhanced Groundwater Production – Construction of and placing into service the MiraGrand Well. Acquisition of an additional well site parcel on Caltrans property.
- b. MWD Service Connections Enhancements – Planning will continue on PM-27 and PM-29 service connections that can enhance TVMWD's ability to deliver water for groundwater recharge. Executing a Memorandum of Agreement between L.A. County and Glendora for PM-26A connection for the Big Dalton Spreading Grounds.

**2. Focus on Regional Collaborative Efforts to Bolster Water Supplies**

- a. Rialto Feeder Shutdown tentatively in 2035 – Potential solutions will take a significant amount of time and planning to come together. Continue working with MWD, IEUA, WFA and other agencies on options to minimize the impact of this planned event.
- b. MWD's 2020 Integrated Resources Plan Update – Participate and contribute, as outcome will affect future resources and their associated costs.
- c. MWD's Regional Water Recycling Project (Carson Project) – Continue to participate and contribute to the planning environmental phase of the project.
- d. MWD's Delta Conveyance Project – Continue to participate and contribute to the environmental phase of the project.
- e. MWD's Rate Refinement Process – Continue to participate in the committee of Member Agencies working directly with MWD staff on proposals to modify MWD's water rates and charges.

**3. Continuous Organizational Improvement**

- a. Align Agreements to Current Business Practices – Six Basins Groundwater Project Operating Agreement, Pump-Back Agreement and modify other agreements as needed.
- b. Geographic Information System and Technology Master Plan – Complete RFP and contract with a consultant to plan and implement full-scale enterprise GIS system for asset management and operations work flow enhancements. Develop Technology Master Plan to provide a roadmap for technological advancements to increase workflow efficiencies.

## ACRONYMS AND ABBREVIATIONS


- AF – Acre-Feet
- AFY – Acre-Feet per Year
- CRA – Colorado River Aqueduct
- EPA – Environmental Protection Agency
- FY – Fiscal Year
- GIS – Geographic Information System
- IEUA – Inland Empire Utilities Agency
- MWD – Metropolitan Water District of Southern California
- OPEB – Other Post-Employment Benefits
- PCCP – Prestressed Concrete Cylinder Pipe
- PWAG – Public Water Agencies Group
- RFP – Request for Proposal
- SDLF – Special District Leadership Foundation
- SWP – State Water Project
- TVMWD – Three Valleys Municipal Water District
- WFA – Water Facilities Authority





## Board of Directors Staff Report

**To:** TVMWD Board of Directors

**From:** Matthew H. Litchfield, General Manager 

**Date:** March 3, 2021

**Subject:** **Agreement for Operation and Maintenance of Miramar Water Treatment, Water Transmission and Hydroelectric Generating Facilities**

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<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<b>\$</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Discussion:**

In October of 1984, Three Valleys Municipal Water District (“TVMWD”), Southern California Water Company (now Golden State Water Company “GSWC”), and the City of La Verne (“La Verne”) entered into an agreement titled *Agreement for the Construction, Operation and Maintenance of Miramar Water Treatment, Water Transmission, and Hydroelectric Generating Facilities* (“Miramar Agreement”) in response to the need for a supplemental, reliable, energy efficient source of treated water for present and future needs of the Partners. Soon after, construction of the Miramar Treatment Plant commenced, and the plant was placed into operation in 1986.

In April of 1991, TVMWD and GSWC entered into an additional agreement titled *Agreement for Capital Improvement for Construction, Operation, and Maintenance of a new 8 million-gallon (MG) Reservoir No. 2 Project* (“Reservoir 2 Agreement”). Construction of Reservoir No. 2 was completed and placed into operation soon thereafter.

TVMWD, GSWC, and La Verne acknowledge and agree that all original construction activities associated with the Miramar Agreement and the Reservoir 2 Agreement have been completed and that the provisions in the original Miramar Agreement and the Reservoir 2 Agreement related to the responsibilities of each Party during the construction of the Miramar System and Reservoir No. 2 are no longer valid or in force. The Partners agree that a new agreement that addresses current operations and maintenance activities is long overdue.

Attached as **Exhibit A** is a draft agreement negotiated by the Partners titled *Agreement for Operation and Maintenance of Miramar Water Treatment, Water Transmission and Hydroelectric Generating Facilities*, also referred to as “Miramar 2.0 Agreement”.

The Partners goals and objectives for Miramar 2.0 Agreement is to memorialize the capacity rights for the Partners at the nominal capacity of 30 cubic feet per second (“cfs”) and memorialize the service area for GSWC to include service areas for both GSWC-Claremont and GSWC-San Dimas. In addition, GSWC wishes to memorialize their peaking capacity rights from Reservoir No. 2. Lastly, the Partners agree that the execution of the Miramar 2.0 Agreement will terminate the original Miramar Agreement and the Reservoir 2 Agreement and restate the respective rights and duties of the Partners concerning the operation and maintenance of the Miramar System.

GSWC has indicated they are prepared to execute the agreement and the City of La Verne City Council approved the Miramar 2.0 Agreement on January 19, 2021.

**Strategic Plan Objective(s):**

- 2.1 - Increase Miramar Treatment Plant deliveries to 60% - 70% of available capacity
- 3.3 – Be accountable and transparent with major decisions
- 3.5 – Ensure that all of the region’s local government policy makers understand TVMWD’s role in the delivery of water
- 4.4 - Align agreements to current business practices

**Attachment(s):**

Exhibit A – Agreement for Operation and Maintenance of Miramar Water Treatment, Water Transmission and Hydroelectric Generating Facilities.

**Meeting History:**

Board of Directors Meeting – November 4, 2020, Informational Item

Board of Directors Meeting – February 3, 2021, Informational Item

Board of Directors Meeting – February 17, 2021, Action Item

NA/ML

**AGREEMENT FOR OPERATION  
AND MAINTENANCE OF MIRAMAR WATER  
TREATMENT, WATER TRANSMISSION,  
AND HYDROELECTRIC GENERATING FACILITIES**

This Agreement is by and between THREE VALLEYS MUNICIPAL WATER DISTRICT, a Municipal Water District organized and existing pursuant to Section 71000 et seq. of the California Water Code (“TVMWD” herein), the CITY OF LA VERNE, a California general law city (“LA VERNE” herein), and GOLDEN STATE WATER COMPANY (formerly known as Southern California Water Company), a California corporation (“GSWC” herein). LA VERNE and GSWC are each referred to as “Partner” and jointly referred to as “Partners” herein. TVMWD, LA VERNE, and GSWC are each referred to as “Party” and jointly referred to as “Parties” herein.

**RECITALS:**

A. On or about October 5, 1984, the Parties hereto entered into an Agreement for Construction, Operation and Maintenance of Miramar Water Treatment, Water Transmission, and Hydroelectric Generating Facilities (“Miramar Agreement”) in response to the need for a

supplemental reliable, energy efficient source of treated water for present and future needs of Partners.

B. On or about April 26, 1991, TVMWD and GSWC entered into an Agreement for Capital Improvement for construction, operation, and maintenance of a new 8 million-gallon (MG) Reservoir No. 2 Project (“Reservoir 2 Agreement”).

C. The Parties acknowledge and agree that all original construction activities associated with the Miramar Agreement and the Reservoir 2 Agreement have been completed and that the provisions in the Miramar Agreement and the Reservoir 2 Agreement related to the responsibilities of each Party during the construction of the Miramar System and Reservoir No. 2 (as defined below) are no longer valid or in force.

D. The Parties further acknowledge that TVMWD is a member agency of the Metropolitan Water District of Southern California (“MWD”) and TVMWD will operate the Metropolitan Service Connections (specifically PM-21) in accordance with applicable provisions of MWD’s Administrative Code.

E. The Parties acknowledge the Agreement is not intended or expected to change the current practice of charging a single rate for treated water deliveries.

F. The Partners acknowledge and agree that they are member agencies of TVMWD and are therefore subject to all policies adopted by the TVMWD Board of Directors.

G. The intent of the Agreement is to memorialize the capacity rights for the Partners at the nominal capacity of 30 cubic feet per second (“cfs”) and memorialize the service area for GSWC includes service areas for both GSWC-Claremont and GSWC-San Dimas.

H. This Agreement memorializes that the Partners can deliver water to their service areas that are within TVMWD’s service area.

I. The Parties further acknowledge and agree that the Parties have paid in full, individually and collectively, all debt that was encumbered under the Miramar Agreement and Reservoir 2 Agreement, and that there are no outstanding bonds, certificates of participation, and/or loans that remain to be paid in association with the Miramar System or Reservoir No. 2 (as defined below); and

J. The Parties wish by execution of this Agreement to terminate the Miramar Agreement and the Reservoir 2 Agreement and restate the respective rights and duties of the Parties concerning the operation and maintenance of the Miramar System (as defined below).

COVENANTS:

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereof, the Parties hereto do agree as follows:

SECTION I EFFECTIVE DATE; EFFECT; TERM.

A. EFFECTIVE DATE.

This Agreement must be executed by each Party before it is binding on any Party. TVMWD shall be the last Party to execute this Agreement, which shall become effective on the date executed by TVMWD ("Effective Date").

B. EFFECT.

As of the Effective Date, this Agreement shall supersede the Miramar Agreement and the Reservoir 2 Agreement, which are hereby expressly terminated by mutual consent of the Parties. In the event of any inconsistency between the provisions of this Agreement and any prior contracts between and/or among any of the Parties regarding the Miramar System or Reservoir No. 2 (as defined below), the provisions of this Agreement shall control.

C. TERM.



Unless earlier terminated, extended, and/or amended in accordance with the provisions hereof, the term of this Agreement shall commence on the Effective Date and continue so long as the Miramar System remains in an operational capacity. ("Term").

SECTION II DEFINITIONS.

A. MIRAMAR SYSTEM.

The "Miramar System" means the Miramar Water Treatment, Water Transmission and Hydroelectric Generating Facilities as depicted in Exhibit A hereof and incorporated herein by this reference. Additionally, the Miramar System includes any future metered service connections, Repairs and Replacements and/or Capital Improvements.

B. RESERVOIR NO. 2.

"Reservoir No. 2" means the 8 MG Finished Water Reservoir constructed to address GSWC peak water demands. Reservoir No. 2 is inclusive of the Miramar System.

C. PUMPBACK FACILITIES.

The "Pumpback Facilities" means the facilities as depicted in Exhibit B hereof and incorporated herein by this reference.

D. HYDRO UNITS.

The “Hydro Units” means the hydroelectric generating facilities as depicted in Exhibit C hereof and incorporated herein by this reference.

E. WELLS.

The “Wells” means the groundwater production wells as depicted in Exhibit D hereof and incorporated herein by this reference.

F. CAPACITY.

For purposes of this Agreement, “Capacity” means the right to purchase and receive a specific amount or percentage of the flow of water available through the Miramar System; provided, however, said right shall be subject to availability of water supplies. Each Partner is entitled to an equal share of capacity up to 30 cfs of combined flow. All flow above 30 cfs is delivered at the sole discretion of TVMWD.

G. REPAIRS AND REPLACEMENTS.

For purposes of this Agreement, “Repairs and Replacements” means those modifications to the Miramar System that are not a Capital Improvement.

H. CAPITAL IMPROVEMENTS.

For purposes of this Agreement, “Capital Improvements” means modifications to the Miramar System that enhance or expand its operation.

SECTION III OWNERSHIP; CAPACITY; AVAILABLE FLOW.

A. OWNERSHIP.

The Miramar System shall be owned, operated and maintained by TVMWD. TVMWD shall hold clear and unencumbered title in and to the Miramar System and shall have all rights to operate the Miramar System, including flows and reservoir levels, subject to the capacity rights of the Partners.

B. CAPACITY.

1. The design capacity of the Miramar System is thirty (30) cfs. The Parties acknowledge that the actual capacity of the Miramar System may vary depending on many factors, including but not limited to availability of water from MWD, water quality concerns, and maintenance and repair activities.

2. LA VERNE shall be allocated a nominal capacity of up to fifteen (15) cfs of available Capacity from the Miramar System.

3. GSWC shall be allocated a nominal capacity of up to fifteen (15) cfs of available Capacity from the Miramar System.

4. The Capacity of each Partner must be used within the Partner's service areas.

5. Each Partner shall have the right to the use of its Capacity, provided it is not in default.

6. All water shall be withdrawn from the Pipeline at metered service connections as provided for and in the manner as set forth in this Agreement.

C. SHARE OF AVAILABLE FLOW.

1. At such times when the capacity of the Miramar System is fully subscribed, Partners shall be entitled to a share of the available flow not exceeding 30 cfs of combined flow.

2. At such times when the capacity of the Miramar System is not fully subscribed, each Partner shall have the right to exceed its respective Capacity by purchase of water from the Miramar System at the then current Water Rate.

3. Water from the Miramar System may be sold by TVMWD to agencies other than the Partners. The water sold to other agencies is on an interruptible basis when flow is available in excess of the then-demands of the Partners, provided the Partners demands are less than a combined 30 cfs.

4. This Agreement recognizes the right of GSWC to temporarily increase flow from the Miramar System to meet the peak daily demands of GSWC's system. This right to meet peak daily demands does not supersede La Verne's 15 cfs capacity right.

5. The Partners agree that operational situations may occur that are outside the consideration of this Agreement. These situations could be, but are not limited to, emergency situations, fires, earthquakes, or other scenarios. The Partners agree to work collaboratively to achieve and maintain reliable water deliveries.

D. ASSIGNMENT OF CAPACITY.

Each Partner may temporarily assign part or all its Capacity up to 15 cfs to another TVMWD Member Agency. Each assignment shall receive the prior written consent by TVMWD and the other Partner.

SECTION IV OPERATION AND MAINTENANCE.

A. TVMWD TO OPERATE AND MAINTAIN.

1. TVMWD shall manage, operate, and maintain the Miramar System.
2. TVMWD shall control all devices, meters, and valves appurtenant to the

Miramar System. The costs of operation and maintenance of the Miramar System shall be borne by TVMWD.

3. Subject to the provisions of this Agreement, TVMWD shall not be impaired from exercising its rights, powers and duties as a Municipal Water District under law and as set forth in the Water Code of the State of California.

4. The Board of Directors of TVMWD shall determine all matters of policy concerning the Miramar System and TVMWD's General Manager shall be responsible for the management, operation and maintenance of the Miramar System, subject to the provisions of this Agreement and applicable law.

5. In the event of an emergency, TVMWD may, without notice, take such action as it deems necessary to prevent damage to persons or property.

B. WATER RATES AND CHARGES.

1. TVMWD shall establish rates and charges necessary to manage, operate and maintain the Miramar System and other TVMWD operations, including Repairs and Replacements and Capital Improvements. Rates and charges shall be determined by TVMWD's Board of Directors via resolution.

2. The Partners shall each pay the applicable rates and charges as established by TVMWD for all member agencies for water purchases.

SECTION V EXTRAORDINARY PROJECT ACTIVITIES.

A. REPAIRS AND REPLACEMENTS.

1. TVMWD shall administer and make all Repairs and Replacements.
2. The cost of Repairs and Replacements shall be paid by TVMWD and included in its annual budget, to be recovered through its annual rates and charges.
3. In the event of an emergency, TVMWD is authorized to cause Repairs or Replacements to be made in order to preserve the continuous operation of the Miramar System.
4. All Repairs or Replacements shall be consistent with sound engineering, construction, and operating practices.

B. CAPITAL IMPROVEMENTS.

TVMWD, in the exercise of its sole discretion, may undertake Capital Improvements, provided that such Capital Improvements do not impact the capacity rights of the Partners.

SECTION VI DEFAULT; REMEDIES.

A. DEFINITION OF DEFAULT BY PARTNER.

A default by a Partner shall be a failure to make any rate or charge payment required hereunder within thirty (30) days from the date such payment is due, or any failure to comply with or perform any other terms, covenants, or conditions hereof for a period of thirty (30) days after written notice thereof from TVMWD to the Partner.

B. TVMWD'S REMEDIES ON DEFAULT BY PARTNER.

If a Partner should fail to remedy any default with all reasonable dispatch, then TVMWD shall have the right, at its option, without any further demand or notice, to pursue any one or all of the remedies available to TVMWD under its rules and regulations.

C. DEFINITION OF DEFAULT BY TVMWD.



## Item 6.G - Exhibit A

1. A default by TVMWD shall be the intentional and willful failure or refusal of TVMWD to provide water from the Miramar System to any Partner, provided such failure or refusal is not due to or the result of any of the following: unavailability of water from MWD; physical defects or operational failure of the Miramar System; required operation and maintenance activities; riots, wars, sabotage, civil disturbances, insurrection, explosion, natural disasters such as floods, earthquakes, wind, landslides, and fire, or labor disputes or other catastrophic events beyond the reasonable control of TVMWD; or compliance with any order or directive of a court of competent jurisdiction or of any Federal, State or local government agency exercising applicable jurisdiction over TVMWD, the operation of the Miramar System, or the quality or quantity of water produced therefrom.

2. "Default by TVMWD" does not include the exercise of any right and authority of TVMWD to terminate the Capacity of a Partner on account of default by such Partner.

### D. PARTNERS REMEDIES ON DEFAULT BY TVMWD.

For any financially calculable losses incurred by a Partner as a result of default by TVMWD, the Partner shall submit a claim to TVMWD to be reviewed and approved by the TVMWD Board of Directors for payment.

E. ALL OTHER REMEDIES IN LAW AND EQUITY AVAILABLE.

The Parties agree that the remedies set forth herein are not exclusive, and any one or all or other remedies provided by law or equity may be exercised against a defaulting Party.

F. ATTORNEYS FEES AND COSTS TO PREVAILING PARTY.

Should any Party commence an action to enforce the provisions of, or actions arising out of, this Agreement, then such Party that prevails in that action, proceeding, or suit shall be entitled to recover reasonable attorneys fees, costs, expert witness fees, consultant's fees and testing fees in connection therewith, including such fees for prosecuting, defending any appeal, or incurred in any supplemental proceeding, until judgment is satisfied in full.

SECTION VII DISPUTE RESOLUTION.

Except as specifically provided herein to the contrary, if any dispute shall arise among any of the Parties regarding the Miramar System, or otherwise arising out of or related to this Agreement, and if such dispute cannot be settled by conference among the Parties within a period of thirty (30) consecutive calendar days after such dispute arises, or within such additional time as the Parties may agree upon, in writing, then such dispute shall be submitted

to mediation for possible resolution prior to any Party initiating legal action in a court of competent jurisdiction under the terms of this Agreement.

SECTION VIII      NOTICE.

A.      PRESENTATION.

Any notice or written approval to be given under this Agreement shall be given by personal delivery to the Parties or by addressing it as set forth below, depositing it in any United States Post Office, Registered or Certified mail, postage prepaid, and effective two days after the date of deposit.

B.      ADDRESS.

Notice or written approval shall be addressed as follows:

Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, California 91711

City of La Verne Public Works Department  
City Hall  
3660 "D" Street  
La Verne, California 91750  
Attn: Public Works Director

Golden State Water Company  
630 East Foothill Blvd.  
San Dimas, California 91773  
Attn: President

C. CHANGE.

Any Party may change its address for notices or written approvals by written notice to the other Parties.

SECTION IX INDEMNIFICATION AND INSURANCE.

A. INDEMNIFICATION.

Neither TVMWD nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water from the Miramar System after such water has been delivered to a Partner; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage handling, use, disposal, or distribution of such water beyond the point of such delivery; and the Partner to which such water was delivered shall indemnify and hold harmless TVMWD and its officers, agents, and employees from any such damage or claims of damages, and shall reimburse TVMWD for costs of repair of the Miramar System and other damages resulting from the operations of said Partner. Neither the Partners

nor any of their respective officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water from the Miramar System prior to such water being delivered to said Partners; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water prior to its delivery to said Partners, excepting, however, claims by TVMWD for costs of repair to the Miramar System and other damages resulting from the operations of a Partner or Partners; and TVMWD shall indemnify and hold harmless the Partners and their respective officers, agents, and employees from any such damages or claims, except claims by TVMWD for costs of repair of the Miramar System and other damages resulting from the operations of a Partner or Partners.

B. INSURANCE.

During the Term, each Party shall procure and maintain such policies of insurance as will reasonably protect it and the other Parties from any and all exposure to loss or liability arising out of this Agreement.

SECTION X GENERAL PROVISIONS.

A. SUCCESSORS AND ASSIGNS.

1. This Agreement shall inure to the benefit of and be binding upon each of the Parties and their successors and assigns.

2. The Parties shall not assign any of their rights or duties under this Agreement without the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

B. INTEGRATION AND AMENDMENT.

1. This Agreement constitutes the entire understanding of the Parties with respect to the Miramar System and supersedes any and all prior agreements, whether oral or written, between and/or among the Parties in connection therewith.

2. This Agreement may not be amended unless by written instrument duly executed by all Parties.

C. INTERPRETATION AND ENFORCEMENT.

1. This Agreement shall be construed as if it was jointly prepared by all Parties, and any uncertainty or ambiguity contained herein shall not be interpreted against the Party drafting same.

2. This Agreement shall be enforced and governed by the laws of the State of California. Venue for any action brought to interpret or enforce any provision of this Agreement shall be a state or federal Court of competent jurisdiction situated in the County of Los Angeles, State of California.

D. HEADINGS.

The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Agreement.

E. SEVERABILITY.

If any section, subsection, sentence, clause or phrase of this Agreement, or the application thereof to a Party or any other person or circumstance is for any reason held invalid, it shall be deemed severable, and the validity of the remainder of the Agreement or the application of such provision to the other Parties or to any person or circumstance shall not be affected thereby.

F. COUNTERPARTS.

This Agreement shall be executed by all parties in duplicate counterparts, each of which shall be considered an original Agreement.

*[Signatures on following pages]*

DRAFT



IN WITNESS WHEREOF the parties hereto have executed this Agreement which is effective the date executed by TVMWD.

Dated \_\_\_\_\_

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: \_\_\_\_\_

President

By: \_\_\_\_\_

Secretary

Approved as to form:

By: \_\_\_\_\_

Attorney for TVMWD

Dated \_\_\_\_\_

CITY OF LA VERNE

By: \_\_\_\_\_

Mayor

By: \_\_\_\_\_

Assistant City Clerk

Approved as to form:

By: \_\_\_\_\_

City Attorney

Dated \_\_\_\_\_

GOLDEN STATE WATER COMPANY

By: \_\_\_\_\_

Vice President of Operations

By: \_\_\_\_\_

Senior Vice President and CFO

By: \_\_\_\_\_

Attorney for GSWC

DRAFT

**Exhibit A**  
**Definition of Miramar System**

The Miramar System begins at TVMWD service connection PM-21 and terminates at all of the service connections for the Partners. The Miramar System also includes the Pumpback System, Hydro Units, and Wells as defined in subsequent Exhibits. For each of the City of La Verne metered connections, the point of termination is the flange downstream/after the flow control valve. For the Golden State Water Company metered connections the point of termination is the flange upstream/before the flow control valve. TVMWD shall have sole responsibility for the ownership, operations, maintenance, and repair of all facilities included in the Miramar System up to these points.

**Exhibit B**  
**Pumpback System**

The Pumpback System is defined as the specific facilities necessary to operate the Miramar System when utilizing only TVMWD Service connection PM-15A/B via the Pomona Walnut Roland Joint Water Line (JWL). A separate agreement is in place for the maintenance and cost sharing to operate these facilities.

**Exhibit C**  
**Hydro Units**


Hydro Units are defined as any existing facility including future builds or upgrades. The facilities include: Builds, Turbine, Generator, Switchgear, Valves and associated Piping. TVMWD shall have sole responsibility for the ownership, operations, maintenance, and repair of all facilities included in the Hydro Units.

**Exhibit D**  
**Wells**

TVMWD currently owns and operates wells that serve as an additional local supply source to the Miramar System. All of these existing wells and any future wells are considered part of the Miramar System. TVMWD shall have sole responsibility for the ownership, maintenance, operation and repair of these wells.



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 3, 2021  
**Subject:** **Board of Directors Compensation**

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<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<b>\$</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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### **Staff Recommendation:**

**No Action Necessary – For Discussion Only**

### **Discussion:**

On February 17, 2021, the Three Valleys Municipal Water District (“TVMWD”) Board of Directors approved the 2021 Policy Manual (“Policy”). Embedded in that policy are approved policy guidelines pertaining to Director’s compensation and reimbursements, specifically Sections 2.7 and 2.8 of the Policy.

Some members of the Board have requested to have further discussion on compensation and reimbursements procedures, specifically related to expectations amongst all the Board members when requesting compensation for meetings.

### **Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

### **Attachment(s):**

Exhibit A – Policy Manual Sections 2.7 and 2.8

### **Meeting History:**

None

NA/ML

## 2.7. Board of Directors - Compensation

Pursuant to California Water Code, Section 20200 et seq., Three Valleys Municipal Water District has limited its compensation each Director shall receive as permitted by State law in an amount not to exceed \$200 per day for each day's attendance at meetings of the Board of Directors and Board authorized agency or committee meetings, and water related meetings, seminars and workshops which the Board of Directors determines are of benefit to the District, or for each day's service rendered as a Director that has a substantial relationship to the District's purpose (Ordinance No. 2-07-15 adopted on February 21, 2007), not exceeding a total of ten (10) days in any calendar month (Ordinance No 2-01-7 adopted on February 7, 2001).<sup>15</sup>

- 2.7.1. For purposes of determining eligibility for compensation, the term "meeting" as used herein is defined as a meeting reasonably necessary to further the interests of the District and its projects that afford an opportunity for Directors to discuss many issues informally with other agencies and leaders in the community and achieving a goal of maintaining consistent, effective and open channels of communication with other entities, including the following:
  - a. Any occurrence that is listed in Government Code Section 53232.1(a):
    - 1) A regular, special, or emergency meeting of the Board;
    - 2) A meeting of a standing, ad hoc, or advisory committee of the Board;
    - 3) A conference, seminar, or organized educational activity involving matters related to functions and operations of the District.
  - b. Other occurrences:
    - 1) Any meeting of an agency where the District has appointed a specific representative.
    - 2) Conference calls to discuss matters related to the functions and operations of the District.
    - 3) Any other meetings determined by the Board to be reasonably necessary in furthering the interests of the District.
- 2.7.2. Compensation for a day of service will be permitted on the day before and/or the

day after a meeting or conference if circumstances required the Director to travel on the day before and/or after.

- 2.7.3. Meetings must be relevant to the District and constituents the Director is elected to serve.
  - a. Fundraising and other campaign type events for state-level and federal-level campaigns for elected officials are not compensable.
- 2.7.4. To receive compensation for attendance or participation at approved meetings, a Board member shall:
  - a. Submit their expense reports for the preceding calendar month to the District's General Manager or designee by the fourth calendar day following the end of the month.
  - b. Directors may list compensated and non-compensated meetings, but will only receive compensation on meetings as listed above in Section 2.7.
  - c. Provide a brief written report justifying how the meeting was reasonably necessary to further the interests of the District. Include descriptive information such as other TVMWD directors in attendance, name of person(s) the meeting was with and agency or organization affiliation.
  - d. Directors are expected to be on time for each meeting and participate for the entire duration of each meeting, unless an emergency or unexpected situation requires the Director to arrive late or leave the meeting early.
  - e. Request compensation for each meeting at \$200.

The Board will consider approval of compensation at the monthly Board meeting the following month.
- 2.7.5. If a Director is unable to attend a meeting for which they have been appointed to represent the District, they are to notify staff in a timely manner to contact the designated alternate to attend. The WQA, Chino Basin Watermaster and Six Basins' alternate representatives are expected to attend meetings of those agencies regularly.
- 2.7.6. The TVMWD Director serving as an MWD Director, may receive compensation for each day's attendance at meetings of the MWD Board and committees, in the same amount and upon the same terms as is provided with respect to service on the Board of Directors of the District.<sup>16</sup>
- 2.7.7. Compensation is not to exceed a total of ten (10) days in any calendar month. Where two (2) or more meetings, including meetings of MWD and the District, occur on the same day, it shall count as one day's service for purposes of compensation. Miscellaneous expense reimbursement requests of the MWD Director should be made to MWD.

### **2.8. Board of Directors – Reimbursement**

The District shall reimburse Board members for costs incurred related to attendance or participation at meetings as defined in section 2.7.4, as provided herein.

- 2.8.1. Eligible Expenses: Expenses eligible for reimbursement shall be limited to:
- a. Registration costs, or other charges for participation at the meeting;
  - b. Transportation to and from the meeting, including airfare, car rental, or mileage for use of a Board member's own automobile, and other miscellaneous transportation costs (shuttle, taxi, train, Uber, Lyft, parking, etc.).
  - c. Lodging at the single-room rate; and
  - d. Reasonable costs of meals (see section 2.8.3 d).
- 2.8.2. Budget Limits: The maximum amount of District-paid expenses that each Board member may annually incur without separate prior Board approval is \$7,500 each fiscal year (Resolution No. 18-04-823, adopted April 18, 2018).
- 2.8.3. Reimbursement Rate:
- a. Registration and Meeting Charges

The District reimbursement rate for registration or other charges for participation at a meeting shall be the actual amount incurred, not to exceed the maximum rate published by the conference or activity sponsor or timely registration after applying all applicable deductions for any available discounts. Registration and meeting charges incurred by the District shall be reflected on a monthly status report issued to each Board member. In the event that a Board member must withdraw from a conference or activity after registration and payment has been made, and a refund or credit may not be obtained from the organizing group or agency, the expense will be charged against the Board members annual budget limit of \$7,500. However, if a credit may be obtained and applied by the District for a future conference or activity of the same type or by the same organization, the expense account of the Board member will not be debited until such time that the credit is applied or expires, if applicable.

Directors are encouraged to work with assigned staff to coordinate registration at all meetings to ensure consistency, as well as to ensure that all applicable discounts are applied. It is important to register within the prescribed deadlines as a courtesy to those outside entities planning the events. Requests to attend an event after a prescribed deadline passes will be the sole responsibility of the director, including any related costs, which may be submitted for reimbursement with proper documentation on the monthly expense report. Directors may not direct outside entities to bill the District for events they have attended without working through the District first.

Directors are encouraged to utilize payment administered by the Executive Assistant when registering for conferences and events. If a Director pre-registers and pays for the conference or event on their own, reimbursement for that expense will not be considered until the reimbursement form is submitted the month following the conference or event.

## b. Transportation

- 1) Members of the Board must use government and group rates offered by a provider of transportation services for travel when available. If such rates are not available, the reimbursement rate for Board member transportation shall be the actual amount incurred, not to exceed the cost of round-trip coach air fare.
- 2) Reasonable private vehicle expenses are reimbursable up to the cost of coach airfare and the attendant cost of ground transportation. Vehicle versus airfare costs are expected to be documented to verify reimbursement is the most economical. A Board member may not appropriate a District vehicle solely for his or her own individual use as a means of transportation to conferences or seminars. Mileage reimbursement shall be given when personal vehicles are used for District business. The District reimbursement rate for mileage by use of a Board member's own vehicle shall be calculated on the basis of total miles driven for District purposes at the rate specified in the Internal Revenue Code in effect at the time of the vehicle usage. Mileage will only be reimbursed for meetings approved for compensation as outlined in Section 2.7.
- 3) The District reimbursement rate for vehicle parking by a Board member shall be the actual amount incurred.
- 4) If an alternative private aircraft is used in lieu of commercial air travel, written documentation of actual cost incurred by the director must be provided along with comparison of the lowest commercial air charges. If additional supplemental ground transportation such as taxi or shuttle would normally be required to reach the destination, these charges may be included at the lowest rate for comparison purposes. All efforts should be exercised to obtain comparison rates at least 21 days prior to scheduled travel date to obtain the lowest rates. The latest comparison date permitted will coincide with the latest published RSVP date for any scheduled event and/or conference. Note: if there is no direct cost to the Director for the alternate private aircraft, the expense is not subject to reimbursement, and, may be subject to gift limitations and filing on the annual Form 700-Statement of Economic Interest form.

## c. Lodging

Members of the Board must use government and group rates offered by a provider of lodging services when available. If the lodging is in connection with an accepted conference or organized educational activity, lodging costs must not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of the Board at the time of booking. If a government or group rate is not available, the District reimbursement rate for Board member lodging shall be the actual amount incurred, not to exceed the rate for comparable lodging. No reimbursement requests will be approved for lodging expenses incurred within the District's service area. However, lodging costs will be paid by the District under the following circumstances:



- 1) The Board member is attending a conference or other qualifying function held more than 50 miles from their home; OR
  - a. Lodging for the night before will be reimbursed if the Board member would have needed to leave their home before 6am;
  - b. Lodging for the night of will be reimbursed if the Board member would have arrived home that night after 7pm.

Lodging requests not covered by this section will not be reimbursed, except upon authorization of the Board given at a public meeting. Actual and reasonable lodging expenses will be reimbursed only for authorized personnel and as such will not be reimbursed for guests or family members of the authorized personnel. Where reasonably possible, lodging will be obtained in proximity to the conference or function site. In most cases, lodging should be arranged and paid for through the District. With adequate notice, staff is able to arrange for prepayment of authorized charges via the District credit card. Staff will be unable to acquire any lodging for events that are requested after the prescribed RSVP deadline has passed.

- 2) At some conference venues, a Director may have access to alternate lodging due to the availability of time shares, a secondary residence, etc. Reimbursement for any alternate lodging is limited to the cost of scheduled actual conference lodging costs or the lesser of the two venues. Documentation in the form of a receipt paid for alternate lodging must be provided to receive reimbursement.
- d. Meals

The District reimbursement rate for Board member meals shall be the actual amount incurred, not to exceed \$100.00 per day's service. The District does not pay for or reimburse for alcoholic beverages. When the District pays for meals, which are included in a conference/seminar registration packet, outside meals will not be reimbursed.

1) Gift Acceptance

On occasion at different events and/or conferences, a Director may be extended an invitation to a meal function. These meal functions, when not part of the paid conference or event, may be subject to gift disclosure requirements on an individual Form 700 Statement of Economic Interest form if the amount of the dinner exceeds \$50. The meal host (district vendor, consultant) should be asked to provide written documentation that includes an itemization of items consumed. In the case of hosted alcoholic beverages shared by many (e.g. bottle of wine), the cost of the beverage may be prorated by the total number of guests at the meal function. Alternately, TVMWD will accept this invitation under the guidance of FPPC Form 801 – Payment to agency and complete the required documentation in accordance with the supplemental TVMWD Gift Acceptance policy. If TVMWD completes and files a Form 801, individuals are not required to include the information on their annual Form 700.

## 2) Distribution of Tickets and Passes

In compliance with the Fair Political Practices Commission Regulation Section 18944.1, when complimentary tickets or passes are conveyed to a Director to attend an event that normally would have been paid for, TVMWD will complete and file FPPC Form 802 – Ceremonial Role Events and Ticket / Pass Distribution. If TVMWD completes and files a Form 802, individuals are not required to include the information on their annual Form 700, in accordance with the supplemental TVMWD Distribution of Tickets and Passes policy.

e. Other

District reimbursement of all other actual and necessary expenses incurred by a Board member shall be computed using the applicable Internal Revenue Service rates for reimbursement as established in Publication 463, or any successor publication. All expenses that do not fall within this reimbursement policy or the Internal Revenue Service reimbursable rates, as provided above, shall be approved by the Board in a public meeting before the expense is incurred. If the Board member chooses to incur additional costs that are above the rates established herein, and those costs have not been approved by the Board in a public meeting before the expense is incurred, then the Board member may do so at his or her own expense.

2.8.4. Ineligible Expenses: The District will not advance cash to a director. Directors will not be issued District credit cards or car allowances. Board members shall not be eligible for District reimbursement of any expenses incurred by any person traveling or attending a meeting as a guest of the Board member. Any expenses related to meetings not approved by the Board will be deducted from the Director's compensation and reimbursement payment. Gratuity exceeding 15% of the subtotal will be ineligible for reimbursement.

2.8.5. Expense Forms: The District shall provide expense report forms to be filed by the members of the Board for reimbursement of actual and necessary expenses incurred on behalf of the District in the performance of official duties. The expense reports shall document that expenses meet the policy reflected in this document for the expenditure of public resources. Board members shall submit their expense reports to the District's General Manager or designee for the preceding calendar month by the fourth calendar day following the end of the month. All reports shall be accompanied by the original, itemized receipts for ancillary expenses such as meals, parking, etc. Costs that normally would not have a receipt (i.e. tips) should be documented on the expense report. Otherwise, missing receipts will not be reimbursed. Approval of Director expenses for the preceding month will be included on the agenda of the Board meeting held on the third Wednesday of each month. All documents related to reimbursable District expenditures are public records subject to disclosure under the California Public Records Act.