



THREE VALLEYS MUNICIPAL WATER DISTRICT REGULAR BOARD MEETING AGENDA

1021 E. Miramar Avenue, Claremont, CA 91711
April 6, 2022 – 8:00 AM

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.

SPECIAL NOTICE OF TELECONFERENCE ACCESSIBILITY

Pursuant to the provisions of Assembly Bill 361, which amended certain provisions of the Brown Act regarding teleconference meetings during periods of statewide emergencies, and as a precaution to our Board of Directors, District staff and general public as a result of the ongoing COVID-19 pandemic, Three Valleys MWD will hold this meeting of its Board of Directors both in-person at the above location and via teleconference. The public may participate in the meeting by physical attendance or by teleconference by clicking on the link below:

https://tvmwd.zoom.us/webinar/register/WN_Z_jl4CABQRKTJ_OV2o1sZQ

(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 in any of the following manners: (1) when prompted by the President during the public comment period, (2) by filling out the electronic speaker’s card at the following link <https://arcg.is/0z5GqO> prior to the close of public comment, (3) by sending an email to naguirre@tvmwd.com prior to the close of public comment, or (4) for those attending the meeting in person, completing a speaker’s card and providing it to the Executive Assistant prior to the close of public comment.

1. CALL TO ORDER ROBERTO

2. ROLL CALL AGUIRRE

- Jody Roberto, President
- Brian Bowcock, Vice President
- Carlos Goytia, Secretary
- Mike Ti, Treasurer
- David De Jesus, Director
- Bob Kuhn, Director
- Danielle Soto, Director

3. FLAG SALUTE ROBERTO

4. AGENDA REORDER/ADDITIONS [*Government Code Section 54954.2(b)(2)*] ROBERTO

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.

5. PUBLIC COMMENT (*Government Code Section 54954.3*) ROBERTO
 Opportunity for members of the public to directly address the Board on items of public interest that is within the subject matter jurisdiction of TVMWD. The public may also address the Board on items being considered on this agenda.
 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.
6. PRESENTATION LINTHICUM
 Mr. Ryan Domino from LSL CPA's will provide a review of the upcoming audit process for FY 2021/22.
7. ACTION AGENDA LITCHFIELD
 The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the agenda so that the Board may discuss and take action on the item if the Board is so inclined.
- A. ADOPT RESOLUTION NO. 22-04-923 RE-AUTHORIZING REMOTE TELCONFERENCE MEETINGS PURSUANT TO THE PROVISIONS OF ASSEMBLY BILL 361 LITCHFIELD
 The Board will consider adopting Resolution No. 22-04-923 re-authorizing remote teleconference meetings pursuant to AB 361.
- BOARD ACTION REQUIRED 7.A**
 Staff Recommendation: Approve as Presented
8. 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.
- A. CSDA COMMERCIAL CARD PROGRAM REBATE LINTHICUM
 The Board will be apprised of the rebates earned by paying vendors via credit card.
- B. FY 2021/22 ENCUMBRANCE CARRYFORWARD LINTHICUM
 The Board will review and consider rolling forward funds to the next fiscal year for projects that are not expected to be completed by June 30, 2022.
- C. REVIEW OF THE FY 2022/23 BUDGET LINTHICUM
 The Board will review updates to the second draft of the FY 2022/23 budget.
- D. RESOLUTION NO. 22-04-DRAFT ADOPTING WATER RATES AND CHARGES FOR CY 2023 LINTHICUM
 The Board will review a draft resolution for CY 2023 water rates and charges.

- E. REVIEW OF FY 2022/23 WATER STANDBY CHARGE LINTHICUM
 The Board will review the proposed schedule to initiate the FY 2022/23 water standby charge.
- F. WATER RESOURCES/WATER SUPPLY UPDATE LEE
 An oral update of water resources planning efforts and current water supply conditions will be provided.
- G. GROUNDWATER RELIABILITY PARTNERSHIP PRINCIPLES OF AGREEMENT LEE
 A partnership agreement between TVMWD, City of Glendora, and Puente Basin Water Agency for groundwater reliability in the Main San Gabriel Groundwater Basin to increase local water supply.
- H. RESOLUTION TO SUPPORT BUREAU OF RECLAMATION'S WATERSMART REGIONAL DROUGHT RESPONSE PLAN GRANT APPLICATION LEE
 Resolution No. 22-04-DRAFT authorizing TVMWD to submit an application to seek funding under the Bureau of Reclamation's WaterSMART program for Regional Drought Response Plan.
- I. MIRAMAR PLANT EMERGENCY ELECTRICAL UPGRADES CONTRACT AMENDMENT PANZER
 Provides authorization to enter into a contract amendment with Mullens & Associates to provide additional design services.
- J. PROJECTS SUMMARY UPDATE PANZER
 The Board will be provided an oral update of ongoing TVMWD projects.
9. CLOSED SESSION ROBERTO
- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code Section 54957)
 Title: Matthew H. Litchfield, P.E., General Manager
- B. CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6)
- District Designated Representative: Steven M. Kennedy, General Counsel
 - Unrepresented Employee: Matthew H. Litchfield, P.E., General Manager
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [Government Code Section 54956.9(d)(1)]
 Name of Case: San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-14-514004
 (Consolidated with Case Nos. CPF-16-515282 and CPF-18-516389)

D. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[Government Code Section 54956.9(d)(1)]

Name of Case: Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino County Superior Court Case No. RCV RS 51010

E. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

10. FUTURE AGENDA ITEMS

ROBERTO

11. ADJOURNMENT AND NEXT MEETING

ROBERTO

The Board will adjourn to a regular Board Meeting on April 20, 2022 at 8:00 AM.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Executive Assistant at (909) 621-5568 at least 24 hours prior to the meeting.

Pursuant to Government Code Section 54957.5, materials related to an item on this agenda submitted after distribution of the agenda packet will be posted on the TVMWD website at www.threevalleys.com.

Three Valleys MWD Board meeting packets and agendas are available for review at www.threevalleys.com.



March 22, 2022

Via Email

James Linthicum, CPA
Chief Finance Officer
Three Valleys Municipal Water District
1021 E. Miramar Avenue
Claremont, CA 91711
jlinthicum@TVMWD.com

We are engaged to audit the financial statements of the Three Valleys Municipal Water District (the District) for the year ended June 30, 2022. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

**Our Responsibilities under U.S. Generally Accepted Auditing Standards,
Government Auditing Standards and the Uniform Guidance,**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider Three Valleys Municipal Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on Three Valleys Municipal Water District's compliance with those requirements.



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Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, the schedule of proportionate share of the Net Pension Liability, schedule of changes in the Net OPEB Liability and related ratios, the schedule of investment returns, and the schedules of contributions, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

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

Planned Scope, Timing of the Audit, and Other

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

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

We expect to begin our audit on approximately April 2022 and issue our report on approximately October 2022. Ryan Domino is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Very truly yours,

A handwritten signature in black ink that reads "Lance, Solt & Loughard, LLP". The signature is written in a cursive, flowing style.



March 22, 2022

Via Email

James Linthicum, CPA
Chief Finance Officer
Three Valleys Municipal Water District
1021 E. Miramar Avenue
Claremont, CA 91711
jlinthicum@TVMWD.com

Lance, Soll & Lunghard, LLP (“LSL CPAs and Advisors”) is pleased to confirm our understanding of the services we are to provide the Three Valleys Municipal Water District (the District) for the fiscal year ended June 30, 2022. We will audit the basic financial statements, of the District as of and for the fiscal year ended June 30, 2022. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the District’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

FINANCIAL STATEMENTS:

- 1) Management’s Discussion and Analysis.
- 2) Pension required supplementary schedules
- 3) OPEB required supplementary schedules

We have also been engaged to report on supplementary information other than RSI that accompanies Three Valleys Municipal Water District’s financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor’s report on the financial statements:

SINGLE AUDIT:

- 1) Schedule of expenditures of federal awards.





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The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

FINANCIAL STATEMENTS:

- 1) Introductory Section
- 2) Statistical Section

SINGLE AUDIT:

- 1) Corrective Action Plan (if applicable)

AUDIT OBJECTIVE

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the State Controller's Minimum Audit Requirements for California Special Districts, the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to governing board of Three Valleys Municipal Water District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified,



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we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

AUDIT PROCEDURES - GENERAL

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, if material on a rotational basis, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

AUDIT PROCEDURES—INTERNAL CONTROL

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.



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Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

AUDIT PROCEDURES—COMPLIANCE

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Three Valleys Municipal Water District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Three Valleys Municipal Water District's major programs. The purpose of these procedures will be to express an opinion on Three Valleys Municipal Water District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

OTHER SERVICES

We will also assist in preparing the schedule of expenditures of federal awards, and related notes of Three Valleys Municipal Water District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

MANAGEMENT RESPONSIBILITIES

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair representation of financial statements that are free from material misstatements, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and



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grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan on the Three Valleys Municipal Water District's letterhead. The summary schedule of prior audit findings should be available for our review on the first day of our schedule visit for the Single Audit.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.



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You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for the presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, the schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Three Valleys Municipal Water District may wish to include or incorporate by reference our audit report on the financial statements in a private or exempt offering or SEC filing by another party. You agree not to include our audit report or make any reference to our firm without obtaining our prior written consent. Additional services may be required prior to providing such consent related to a private, exempt, or public offering of securities, or inclusion in an SEC filing. Such services will be undertaken as a separate engagement at an additional fee.

TIMING OF THE ENGAGEMENT

We expect to begin our audit as previously agreed to by management. Ryan Domino is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Lance, Soll, and Lunghard LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.



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We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

ENGAGEMENT ADMINISTRATION, FEES, AND OTHER

Our fees for these services are outlined in our contract with you. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

GASB 68 and GASB 75 Testing

If at any time during the testing, variances are noted, *Government Auditing Standards* require us to assess the need for a specialist, such as an actuary. A specialist will need to be used to value the variance noted for the financial statements. This value will be required for us to provide an opinion on the financial statements. Any cost for an actuary will be passed to your local government and we will discuss this additional cost ahead of time.

You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Lance, Soll, & Lunghard LLP.

Government Auditing Standards require audit organizations to provide a copy of their most recent external peer review report and any subsequent review reports during the period of the contract. Our 2020 peer review accompanies this letter. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.



Three Valleys Municipal Water District

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If any portion of this Agreement is deemed invalid or unenforceable, said findings shall not operate to invalidate the remainder of the terms set forth in this Agreement.

Billing and Payment Terms -- We will bill you for our professional fees and out-of-pocket costs each month as work progresses. Payment is due within 30 days of the invoice date. If payment is not received by the due date, you will be assessed interest charges of 1.5% per month on the unpaid balance.

We reserve the right to suspend or terminate our work for non-payment of fees. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our services.

Our firm's practice MAY require payment of a retainer upon execution of this engagement letter. You agree that the retainer will be fully earned as our professional time to complete the engagement is incurred. The retainer will be applied to the final billing and any unused balance will be refunded at the end of the engagement.

Electronic Data Communication and Storage -- In the interest of facilitating our services to you, we may send data over the Internet, or store electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications.

Third Party Service Providers or Subcontractors -- In the interest of enhancing our availability to meet your professional service needs while maintaining service quality and timeliness, we may use a third-party service provider to assist us. We require our third-party service providers have established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subjected to our firm's customary quality control procedures. By accepting the terms and conditions of our engagement, you are providing your consent and allow us to disclose your confidential information to a third-party service provider, if such disclosure is necessary to deliver professional service or provide support services to our firm.

Independent Contractor -- When providing services to your company, we will be functioning as an independent contractor and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint ventures, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

Any obligations under this agreement are solely obligations of the firm, and no partner, principal, employee or agent of the firm shall be subjected to any personal liability whatsoever to you or any person or entity.



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Firm Associations -- The firm is a member of PrimeGlobal, a global association of independent accounting firms. No PrimeGlobal member firm is an agent or partner of the association or of any other member firm. No PrimeGlobal member firm has the authority to enter into any legal obligations on behalf of the association or any other member firm. If the firm introduces you to another PrimeGlobal member firm, this firm specifically denies any liability for any work performed by that firm. You should make your own contractual arrangements with that firm for work that they perform. The fact that you may have been introduced by us to another PrimeGlobal member firm does not make that firm, its partners or its employees responsible for any of our acts or omissions.

The firm is not the agent or partner of PrimeGlobal or any other member firm and does not have the authority to enter into legal obligations on behalf of either the association or any other member firm thereof. You agree that this firm has the sole liability for any work performed under this engagement and you undertake not to make any claim or bring any proceedings against either PrimeGlobal or any other member of PrimeGlobal in relation to work covered by this engagement.

Record Retention and Ownership

We will return all of your original records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is available upon request.

Our firm destroys workpaper files after a period of seven (7) years from the completion of the engagement as long as you remain a client with us. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.



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Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

Disclaimer of Legal and Investment Advice -- Our services under this letter do not constitute legal or investment advice unless specifically agreed to in this Letter. We recommend that you retain legal counsel and investment advisors to provide such advice.

Brokerage or Investment Advisory Statements -- If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information solely for the purpose described in this engagement letter. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend you receive and carefully review all statements upon receipt and direct any questions regarding account activity to your banker, broker or investment advisor.

Federally Authorized Practitioner –Client Privilege -- Internal Revenue Code §7525, *Confidentiality Privileges Related to Taxpayer Communication*, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, this privilege does not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

Limitations on Oral and Email Communications -- We may discuss with you our views regarding the treatment of certain items or decisions you may face. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by the gross negligence or willful misconduct of LSL CPAs and Advisors, for any loss, cost or



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expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this in a separate engagement letter.

Management Responsibilities -- While we can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee any services that we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Conflicts of Interest -- If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

Mediation -- If a dispute arises out of or relates to the letter including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by letter of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. Any mediator so designated must be acceptable to all parties. The mediation will be conducted in California.

The mediation will be treated as a settlement discussion and, therefore, will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

Limitation of Liability -- LSL CPAs and Advisors liability for all claims, damages, and costs arising from this engagement is limited to three (3) times the total amount of fees paid by you to us for services rendered under this letter.

Indemnification -- You agree to hold LSL CPAs and Advisors harmless from any and all claims which arise from knowing misrepresentations to us by your management, or the intentional withholding or concealment of information from us by your management. You also agree to indemnify us for any claims made against us by third parties, which arise from any of these actions by your management. The provisions of this paragraph shall apply regardless of the nature of the claim.

Designation of Venue and Jurisdiction -- In the event of a dispute, you and we agree that the courts of the state of California shall have jurisdiction, and we agree to submit all disputes to the Superior Court of Orange, California, which is the proper and most convenient venue for resolution. We also agree that the law of the state of California shall govern all such disputes.

Proprietary Information -- You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property we use are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, letters and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.



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Statute of Limitations -- You agree that any claim arising out of this letter shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against us.

Termination and Withdrawal -- We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this letter or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against your resulting from your failure to meet such deadlines.

If this letter is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

Assignment -- All parties acknowledge and agree that the terms and conditions of this Letter shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

Severability -- If any portion of this Letter is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Letter.

Code of Professional Conduct -- To ensure that our independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering in any substantive employment discussions with any of our personnel. In accordance with Section 50 of the Board of Accountancy Regulations for the State of California, this shall provide notice that Lance, Soll & Lunghard CPAs, Certified Public Accountants, is licensed by the California Board of Accountancy.

We appreciate the opportunity to be of service to Three Valleys Municipal Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

LANCE, SOLL & LUNGHARD, LLP

ACCEPTED:

This letter correctly sets forth the understanding of Three Valleys Municipal Water District:

Signature:  _____

Title: Chief Finance Officer _____

Date: 03/22/2022 _____

MARK F WILLE
Certified Public Accountant
A PROFESSIONAL ACCOUNTANCY CORPORATION

Report on the Firm's System of Quality Control

January 17, 2020

To the Partners
Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans.

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

As a part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2019 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

A handwritten signature in blue ink that reads "Mark F Wille, APAC". The signature is written in a cursive style with a long horizontal flourish at the end.

Mark F Wille
A Professional Accountancy Corporation

RESOLUTION NO. 22-04-923**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM, DECLARING THAT LOCAL EMERGENCY CONDITIONS PERSIST, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS AND ITS STANDING COMMITTEES FOR THE PERIOD APRIL 10, 2022, TO MAY 9, 2022, PURSUANT TO BROWN ACT PROVISIONS**

WHEREAS, the Three Valleys Municipal Water District (the “District”) is committed to preserving and nurturing public access and participation in meetings of its Board of Directors; and

WHEREAS, all meetings of the District’s Board of Directors (the “Board”) and its standing committees are open and public, as required by the Ralph M. Brown Act (California Government Code Sections 54950-54963), so that any member of the public may attend, participate, and watch those bodies conduct their business; and

WHEREAS, the Brown Act, in Government Code Section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition for application of Government Code Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the State caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency to exist in California as a result of the threat of COVID-19, and such proclamation has not yet been lifted; and

WHEREAS, it is further required under Government Code Section 54953(e) that state or local officials have imposed or recommended measures to promote social distancing or that the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board previously adopted Resolution No. 22-03-920 on March 10, 2022, finding that the requisite conditions exist for the Board and its standing committees to

conduct remote teleconference meetings without compliance with Government Code Section 54953(b)(3); and

WHEREAS, as a condition of extending the use of the provisions set forth in Government Code Section 54953(e), the Board must reconsider the circumstances of the state of emergency that exists within the District, and the Board has done so; and

WHEREAS, emergency conditions persist within the District, specifically COVID-19 and its Delta variant remain highly contagious and, therefore, a threat to the health, safety, and well-being of the District's employees, directors, vendors, contractors, customers, visitors, and residents; and

WHEREAS, orders from the Los Angeles County Department of Public Health and regulations from the State of California impose limitations on gatherings and provide guidance on best practices with respect to actions to reduce the spread of COVID-19; and

WHEREAS, the Board does hereby find that a state of emergency continues to exist within the District's service area as a result of the continuing presence of COVID-19, which has caused, and will continue to cause, conditions of imminent risk to attendees of Board meetings, and has resulted in local, State, and federal social distancing orders and related guidance, and which has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and the Board desires to re-affirm that a local emergency exists and re-affirm the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency persisting, the Board does hereby find that the Board and all standing committees thereof shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Government Code Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Government Code Section 54953; and

WHEREAS, the District will continue to provide proper notice to the public regarding all Board and standing committee meetings in accordance with Government Code Section 54953(e)(2) and shall continue to provide notice to the public of how they may access any such meeting via call-in number and/or internet link.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Persists. The Board hereby considers the conditions of the state of emergency within the District and proclaims that a local emergency

persists throughout the District as a result of the continuing presence of COVID-19, which continues to cause conditions of imminent risk to attendees of the District’s Board and standing committee meetings, and which have resulted in local, State, and federal social distancing orders and guidance, and that continuing to conduct the District’s Board and standing committee meetings virtually will minimize the possible spread COVID-19 and any variant thereof.

Section 3. Re-Ratification of Governor’s Proclamation of a State of Emergency. The Board hereby re-ratifies the Governor of the State of California’s Proclamation of State of Emergency regarding COVID-19, dated March 4, 2020.

Section 4. Remote Teleconference Meetings. The District’s General Manager, or his or her delegee, and the Board and standing committees of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including but not limited to continuing to conduct open and public meetings in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect on April 10, 2022 and shall be effective until the earlier of (i) May 9, 2022 or (ii) such time as the Board adopts a subsequent resolution in accordance with Government Code Section 54953(e)(3) to extend the time during which the Board and standing committees of the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Three Valleys Municipal Water District held via teleconference this 6th day of April 2022, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Jody Roberto
President, Board of Directors


ATTEST:

Carlos Goytia
Secretary, Board of Directors

SEAL:



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 6, 2022
Subject: **CSDA Commercial Card Program Rebate**

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

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. The 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.
- Visa® is widely accepted form of payment by most vendors.
- Fraud protection at no cost
- TVMWD is covered up to \$100,000 protection against employee misuse

Despite the on-going issues caused by the Covid-19 pandemic, TVMWD generated a significantly higher spend in calendar year 2021 of \$767,168 resulting in a rebate of \$7,672. This was a 73% increase in spend and rebate from last calendar year. Accounting staff made diligent efforts in working with our vendors to accept more payments via credit card. Staff will continue its 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: April 6, 2022
Subject: **FY 21-22 Encumbrance Carryforward**

For Action **Fiscal Impact** \$
 Information Only **Funds Budgeted:**

Staff Recommendation:

No Action Necessary – Informational Item Only

Discussion:

Listed below is staff's best estimate of funds that will remain on projects that are likely to be incomplete as of June 30, 2022. Staff therefore requests these funds are carried forward to FY 22-23 to allow for completion:

MiraGrand Well	\$613,085
Emergency Electrical Upgrades	199,530
PM-26 Expansion	79,065
BFP Belt Replacement	69,000
Security Equipment	50,000
Chlorine System	44,228
Filter Aid System	30,000
CalTrans Well	25,000
Well #1 Rehabilitation	11,847
Total	\$1,121,756

This item will be brought back for consideration of adoption at the April 20, 2022 board meeting. A final breakdown of all projects will be provided when the Comprehensive Annual Financial Report is brought before the board for consideration (October 2022).

Strategic Plan Objective(s):

- 1.5 – Maintain water infrastructure to assure 100% reliability
- 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):

None


Meeting History:

None

NA/JL



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 6, 2022
Subject: **FY 2022/2023 Budget Version 2**

<input type="checkbox"/> For Action	<input checked="" type="checkbox"/> Fiscal Impact	\$ 79,754,000
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Funds Budgeted:	

Staff Recommendation:

No Action Necessary – Informational Item Only

Discussion:

Attached is the second draft of the FY 2022/2023 budget. Staff has made minor changes since the first draft was presented last month. The most significant of those changes are:

- MWD’s Water Rates and Charges Option #1 for 2023 revised as follows:
 - Lowered Tier I Untreated from \$888/AF to \$879/AF
 - Lowered Tier I Treated from \$1,252/AF to \$1,246/AF
 - Increased RTS Charge from \$4.6M to \$4.9M
 - Increased Capacity Charge from \$10,700/cfs to \$10,800/cfs
- Hydroelectric Sales revenue reduced from \$270,000 to \$230,000, as Miramar Plant flows expected to remain lower during this time of reductions from the State Water Project. Revenues for future years forecasted to return to \$270,000 annually.
- Staff Compensation increased \$18,000 for FY 2022/2023 due to moving all staff to July 1st annual reviews, however Staff Compensation over the 5 year period was reduced \$73,000 due to refinement of salary increases.
- Operations and Maintenance increased \$70,000 due to chemical price increases.

Based on the revisions above, TVMWD is still able to provide a discount of \$2 per acre foot for 2023 and the foreseeable future.

Option:

This budget includes an annual contribution to TVMWD's pension trust in the amount of \$300,000, made in an effort to eliminate TVMWD unfunded liability on future pension obligation by mid-year 2027. Reducing the budget to \$250,000 could provide an additional \$1 per acre foot discount to TVMWD rates.

This reduction only moves our target date back slightly, however the actual amount of the contribution could still be considered by the board at the time of the pension funding request at the close of each fiscal year.

Next Step:

It is anticipated that this item will be brought back for consideration of adoption at the April 20, 2022 board meeting. However, this is predicated on MWD adopting rates at their April 12, 2022 board meeting. MWD has held four budget workshops with at least one more anticipated prior to the April 12, 2022 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 2022/2023 Budget Version 2 Draft

Meeting History:

Board of Directors Meeting – March 2, 2022, Informational Item

NA/JL

FY 2022/23 TVMWD BUDGET VERSION 2										
	FY 2021/22	FY 2021/22	FY 2022/23	Pass Through	Operating	Capital	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
	Budget	Projected	Budget	Fund	Fund	Fund	Budget	Budget	Budget	Budget
REVENUES										
Water Sales	62,771,483	71,031,641	69,270,877		69,270,877		74,049,493	77,742,940	80,937,619	84,486,110
Standby Charge	4,076,264	4,061,743	4,868,129	4,868,129			5,667,560	6,251,837	6,435,380	6,435,770
Capacity Charge Assessment	1,636,205	1,636,205	1,618,510	1,618,510			1,756,410	1,956,945	2,122,905	2,364,930
Property Taxes	2,362,573	2,569,565	2,654,044			2,654,044	2,654,044	2,654,044	2,654,044	2,654,044
Fixed Charge Assessment	754,617	754,617	841,388		841,388		874,350	902,214	936,456	971,416
Hydroelectric Sales	270,000	150,000	230,000		230,000		270,000	270,000	270,000	270,000
Interest Income	44,864	(116,382)	74,534		74,534		74,534	74,534	74,534	74,534
Pumpback O&M	10,000	1,996	10,000	10,000			10,000	10,000	10,000	10,000
Grants and Other Revenue	5,457	43,087	5,517		5,517		5,655	5,796	5,941	6,090
TOTAL REVENUES	71,931,464	80,132,473	79,572,998	6,496,639	70,422,315	2,654,044	85,362,045	89,868,310	93,446,879	97,272,894
EXPENSES										
Water Purchases	55,438,081	63,499,727	61,555,482		61,555,482		66,214,227	69,655,245	72,447,082	75,643,611
MWD RTS Charge	4,076,264	4,076,264	4,868,129	4,868,129			5,667,560	6,251,837	6,435,380	6,435,770
Staff Compensation	4,726,314	4,839,194	5,192,644		5,192,644		5,384,249	5,630,127	5,874,439	6,126,516
MWD Capacity Charge	1,636,205	1,636,205	1,618,510	1,618,510			1,756,410	1,956,945	2,122,905	2,364,930
Operations and Maintenance	1,979,750	1,837,159	1,937,250		1,937,250		1,995,781	2,056,081	2,118,202	2,182,200
Capital Repair and Replacement	745,377	388,666	1,465,000			1,465,000	250,000	510,000	200,000	200,000
Capital Investment Program	3,671,544	2,904,394	160,000			160,000	1,650,000	1,000,000	4,500,000	3,000,000
Professional Services	636,718	621,385	613,461		613,461		631,996	651,091	670,763	691,029
Directors Compensation	320,321	268,541	274,073		274,073		275,661	277,281	278,933	280,618
Communication and Conservation Programs	167,000	139,014	170,700		170,700		175,857	181,171	186,645	192,284
Planning and Resources	90,000	82,270	275,000		275,000		92,719	95,521	98,407	101,380
Membership Dues and Fees	126,956	91,826	93,022		93,022		95,833	98,728	101,711	104,784
Hydroelectric Facilities	30,000	26,073	30,000		30,000		30,906	31,840	32,802	33,793
Pumpback O&M	10,000	5,230	10,000	10,000			10,000	10,000	10,000	10,000
Board Elections	-	-	-		-		-	-	-	-
Reserve Replenishment	390,000	390,000	390,000		390,000		390,000	390,000	390,000	390,000
Encumbrances from prior year		1,121,756	1,121,756			1,121,756	-	-	-	-
TOTAL EXPENSES	74,044,530	81,927,705	79,775,028	6,496,639	70,531,633	2,746,756	84,621,200	88,795,866	95,467,268	97,756,915
NET INCOME (LOSS) BEFORE TRANSFERS	(2,113,066)	(1,795,232)	(202,030)	-	(109,317)	(92,713)	740,845	1,072,444	(2,020,388)	(484,021)
TRANSFER FROM BOARD ELECTION RESERVES	-	-								
TRANSFER FROM/(TO) CAPITAL RESERVES	1,796,427	1,796,427	(1,029,044)			(1,029,044)	(754,044)	(1,144,044)	2,045,956	545,956
TRANSFER FROM/(TO) OPPORTUNITY RESERVES										
TRANSFER FROM/TO ENCUMBERED RESERVES	307,921	307,921	1,121,756		-	1,121,756				
NET INCOME (LOSS) AFTER TRANSFERS	(8,718)	309,116	(109,317)	-	(109,317)	-	(13,199)	(71,599)	25,568	61,935
	CY 2022		CY 2023				CY 2024	CY 2025	CY 2026	CY 2027
MWD RATE	\$ 1,143		\$ 1,246				1,330	1,395	1,476	1,552
TVMWD SURCHARGE	\$ (16)		\$ (2)				(2)	(2)	(2)	(2)
TVMWD RATE	\$ 1,127		\$ 1,244				\$ 1,328	\$ 1,393	\$ 1,474	\$ 1,550
ANNUAL FIXED CHARGE	\$ 819,318		\$ 863,458				\$ 885,242	\$ 919,187	\$ 953,725	\$ 989,107



Board of Directors
Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager
Date: April 6, 2022
Subject: Resolution No. 22-04-Draft Adopting Water Rates and Charges for CY 2023

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

Requested Action:

No Action Necessary – Informational Item Only

Discussion:

Attached for review is the draft rate resolution reflecting the rates and charges that will go into effect January 1, 2023. Based on the assumptions for TVMWD FY 2022-23 Budget Version 2, TVMWD will apply a surcharge discount of -\$2 per AF to treated water delivered during calendar year 2023. This is the sixth consecutive year TVMWD has been able to reduce MWD’s treated water rate with a discounted surcharge.

TVMWD will apply a \$0 surcharge to all untreated water delivered during calendar year 2023. Untreated water delivered may be subject to additional charges from other agencies based on the connection used and basin delivered to.

Also attached are the summary drafts of the capacity charge and fixed charges for 2023. This item will be brought back for consideration of adoption on April 20, 2022.

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 – Resolution No. 22-04-DRAFT Water Rates and Charges for Calendar Year 2023
- Exhibit B – Capacity Charge 2023
- Exhibit C – Fixed Charges 2023

Meeting History:

None

NA/JL

RESOLUTION NO. 22-04-DRAFT

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THREE VALLEYS MUNICIPAL WATER DISTRICT
ADOPTING WATER RATES AND CHARGES FOR CALENDAR YEAR 2023**

WHEREAS, the Board of Directors of Three Valleys Municipal Water District (“TVMWD”) finds as follows:

A. TVMWD is a municipal water district organized and operating pursuant to Water Code Section 71000 et seq., and is a Member Agency of the Metropolitan Water District of Southern California (“MWD”) which wholesales imported water to TVMWD;

B. TVMWD is responsible for the sale and distribution of the water it purchases from MWD, and is authorized under Water Code Sections 71611-71613 to sell any water within its control to consumers, cities, and other public agencies and corporations;

C. Under Water Code Sections 71613-71617, TVMWD is authorized to fix rates at which the water it delivers may be sold;

D. TVMWD has approved the Fiscal Year (FY) Budget for 2022-2023 consisting of expenses for expected water sales, reserves, and the Miramar Water Treatment Plant (“Miramar”);

E. TVMWD intends to collect sufficient revenues to cover the projected expenses from miscellaneous revenue, state subventions, property taxes, and by rate-based fees and charges for delivered and/or stored water;

F. The revenues raised by the levying of TVMWD’s water rates are used for all the purposes authorized by law, including but not limited to (1) funding the operating costs of TVMWD, including employee wages and benefits; (2) purchasing or leasing supplies, equipment, and materials; (3) meeting financial reserve needs and requirements; (4) obtaining funds for capital projects necessary to maintain service within existing services areas; (5) providing for repairs, maintenance, and depreciation of works owned and operated by TVMWD; (6) yielding a reasonable surplus for improvements, extensions, and enlargements; and (7) paying the principal, interest and maintaining the required coverage on any bonded indebtedness;

G. The establishment, modification, structuring, restructuring, and approval of TVMWD’s water rates are for the purpose of meeting TVMWD’s operating expenses (including employee wages and benefits), purchasing and/or leasing supplies, equipment, and materials, meeting TVMWD’s financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain service within TVMWD’s existing service areas, and is therefore exempt from the requirements of the California Environmental Quality Act as provided by Public Resources Code Section 21080(b)(8);

H. The amount of the rates and charges hereby adopted do not exceed the reasonable anticipated costs for the corresponding services provided by TVMWD, and therefore the fees imposed hereby do not qualify as a “tax” under Article XIIC, Section 1(e), of the California Constitution or Section 50076 of the California Government Code, and the

Item 8.D - Exhibit A

actions taken herein are exempt from the additional notice and public meeting requirements of the Ralph M. Brown Act pursuant to Government Code Sections 54954.6(a)(1)(A) and (B); and

I. To the extent that the water rates hereby adopted apply to TVMWD's provision of wholesale water service to its retail agencies, such rates are not imposed upon any person as an incident of property ownership, and thus are not subject to the substantive and procedural prerequisites of Article XIID of the California Constitution.

NOW, THEREFORE, BE IT RESOLVED that TVMWD's Board of Directors ("Board") does hereby adopt and order as follows:

1. **Effective Date.** The effective date of the following rates, fees and charges shall be January 1, 2023, unless otherwise noted. The rates shall remain in effect until changed or canceled by the Board.
2. **Rates.** All sales, deliveries, and availability of water at the rates established herein shall be subject to the ability of TVMWD to sell, deliver, and make available such water under operating conditions determined by the General Manager of TVMWD and of MWD, and subject to the water service agreements of TVMWD and of MWD.
 - A. **TVMWD Water Rates.** MWD has assigned a "base firm demand" or allocation of water deliveries to TVMWD for the period January 1, 2015 through December 31, 2024 based on Option 2 of the new 10-year purchase order agreement. A Tier 1 base firm demand of 80,688 acre-feet has been allocated to the TVMWD Member Agencies based on the proportional share of each Member Agency's 10-year average (FY 2005 through FY 2014); however, no agency will receive less than their CY 2014 Tier 1 limit. The Tier 1 allocations for calendar year 2023 are as follows:

<i>Member Agency</i>	<i>CY 2023 Tier 1 Allocation</i>
Boy Scouts	36
Cal Poly	269
Covina	1,568
Glendora	4,101
JWL	31,066
La Verne	8,026
Mt. SAC	699
RWD	4,879
GSWC - Claremont	5,576
GSWC - San Dimas	10,138
VHWC	464
Suburban	1,961
WVWD	11,905
Tier-1 Acre Foot Allotment	80,688

Item 8.D - Exhibit A

Each Member Agency's allocation may change if TVMWD's base firm demand is changed, but the sum of the Tier 1 allocations shall remain the same as the base firm demand assigned to TVMWD by MWD. If TVMWD's base firm demand is changed, the Member Agency Tier 1 allocation will change in proportion to the amount the agency contributed to the change and in comparison to the total increase in TVMWD's base firm demand.

Effective January 1, 2023, treated water from TVMWD will be sold at \$1,244 per acre foot for Tier 1 and \$1,447 per acre foot for Tier 2.

Individual Member Agencies that exceed their Tier 1 allocation during the calendar year will be billed at the end of the calendar year for the additional demand at the appropriate Tier 2 amount, depending upon actual Tier 2 costs incurred by TVMWD as a whole.

- B. Groundwater Replenishment Water Rate.** MWD did not adopt a replenishment water rate for 2023 and beyond. Groundwater replenishment water is provided only when additional water for such use is available from MWD. Subject to any applicable legal restrictions, the General Manager may set a groundwater replenishment rate at his/her discretion for deliveries to non-Member Agencies as long as the amount is no less than the rates applicable to Member Agencies.
- C. In Lieu Water Rate.** MWD did not adopt a replenishment water rate for 2023 and beyond, therefore an in-lieu water rate has yet to be determined. As provided for in the section on replenishment service in the MWD Rate Structure Administrative Procedures Handbook, TVMWD will incorporate these procedures for the sale of available in-lieu water service. This water will be sold for the replenishment of water supplies in groundwater basins, as a substitute for deliveries from the Weymouth Treatment and Miramar Treatment facilities.
- D. Untreated Water Rate.** Untreated water purchased from MWD for spreading purposes that is later extracted and sold will be charged at the current TVMWD rate on the date of extraction, less the initial price paid for the water. Effective January 1, 2023, the untreated rates from TVMWD will be \$879 per acre foot for Tier 1 and \$1,082 per acre foot for Tier 2. Additional charges based on the connection used and basin delivered to may apply. Subject to any applicable legal restrictions, the General Manager may set an untreated water rate at his/her discretion for deliveries to non-Member Agencies as long as the amount is no less than the rates applicable to Member Agencies.
- E. Capacity Charge.** The MWD Capacity Charge ("Charge") will be \$10,800 per cubic foot second (cfs) effective January 1, 2023. TVMWD's Capacity Charge basis will be 138.3 based on TVMWD's peak connected capacity during the last three completed fiscal years. The Charge will either increase or decrease only if a new 24-hour peak demand is established during the period of May-September of any year. Subsequently, a revised Charge would become effective on January 1 of the following year. A monthly allocation Charge will apply to each Member Agency based on their specific non-coincidental peak during the period of 2019 to 2021, as follows:

Agency	3 Year High Peak	Per CFS Charge 2023	2023 CFS Basis	2023 Monthly Charge	2023 Annual Charge
Boy Scouts	0.5	\$10,800	0.4	\$344	\$4,128
Cal Poly	0.8	\$10,800	0.6	\$550	\$6,605
Covina	5.0	\$10,800	3.8	\$3,440	\$41,284
Covina Irrigating Co.	21.0	\$10,800	16.1	\$14,449	\$173,391
Glendora	15.2	\$10,800	11.6	\$10,459	\$125,502
La Verne	17.2	\$10,800	13.2	\$11,865	\$142,383
Mt. SAC	1.3	\$10,800	1.0	\$894	\$10,734
PWR-JWL	37.8	\$10,800	28.9	\$26,009	\$312,104
RWD	8.1	\$10,800	6.2	\$5,573	\$66,879
GSWC – Claremont	20.7	\$10,800	15.8	\$14,212	\$170,547
GSWC - San Dimas	16.6	\$10,800	12.7	\$11,422	\$137,061
WVWD	36.7	\$10,800	28.1	\$25,252	\$303,021
Capacity Charge Totals:	180.9		138.3	\$124,470	\$1,493,640

As the cfs basis is subject to change each year, TVMWD will re-allocate the charge to each Member Agency for their proportionate share in setting the new peak. The monthly charge shall be paid regardless of the quantity of water delivered during the month and will be separate from the monthly water sale charges invoiced by TVMWD.

- Penalties.** In the event any Member Agency shall be delinquent in the payment for water delivered by TVMWD, or through an MWD connection, and/or other charges as invoiced by TVMWD, an additional charge equal to two (2) percent of such delinquent payment for each month or portion thereof (days delinquent divided by 30) that such payment remains delinquent shall be assessed, and the Member Agency shall pay such charge to TVMWD in addition to the amount of such delinquent payment. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one (1) percent of such delinquent payment. In the event any Member Agency shall be delinquent for more than thirty (30) days in the payment for water, such delinquency shall be reported by the General Manager to the Board of Directors of TVMWD at its next meeting. The Board, in its discretion and upon such other conditions as it may prescribe after giving the Member Agency a reasonable opportunity to be heard, may order the termination of service to such Member Public Agency until all delinquent payments, including additional charges, are made to TVMWD or may authorize such other actions as may be legally available to effectuate collection.
- Cost Allocations.** The required revenue for the TVMWD's FY 2022-23 Budget will be met in the following revenue priorities: (a) Miscellaneous revenues (interest, etc.); (b) State subventions; (c) TVMWD's Standby Charge; (d) Water Sales; and (e) Fixed Cost Allocations. The required calendar year 2023 Fixed Cost Allocation revenue of \$863,458 shall be obtained through three component allocations in equal amounts. Each allocated cost component will generate revenue of \$287,819. Each Member Agency has already submitted to TVMWD its certified component values.

- A. Connected Capacity Charge.** Each Member Agency has the ability to receive water from TVMWD through service connections of TVMWD and/or MWD. The capacity of each service connection shall be determined and allocated to a Member Agency. The Member Agency's total allotment for the connected capacity charge shall be one-third (1/3) of the total required Cost Allocation revenue. The Connected Capacity Charge shall be collected on a monthly basis.
- B. Equivalent Small Meter Charge.** All Member Agency revenue meters shall be converted to an equivalent number of 5/8" water meters using the AWWA conversion table found in the Service Meter Manual. The Member Agency's total allotment for the equivalent small meter charge shall be one-third (1/3) of the total required Cost Allocation revenue. The Equivalent Small Meter Charge shall be collected on a monthly basis.
- C. Historical Water Use Charge.** TVMWD maintains the historical record of imported water use of each Member Agency. The moving three-year average total ending FY 2019-20 for the total use of all Member Agencies will be calculated. The Member Agency's percentage of the total three-year average water use shall be one-third (1/3) of the required Cost Allocation revenue. The Historical Use Charge shall be collected on a monthly basis.
- 5. Hydroelectric Rate.** TVMWD also operates a hydroelectric facility at the Miramar plant. On an as available basis, the hydro provides power to the facilities through a separate meter. The actual power delivered through the Miramar hydro is received at the water treatment plant. The rate that TVMWD will charge for hydroelectric power will be equal to the melded aggregate average of the rate paid to Edison on the regular monthly bill.
- 6. Definitions.** The definition and application of the foregoing classes and conditions of service shall be the same as those established, interpreted, and amended from time to time by MWD through its Administrative Code, and such other rules, regulations, policies, ordinances, or resolutions that have been or may be adopted by the MWD Board of Directors, which are by this reference incorporated herein and adopted by the TVMWD as though set forth herein in their entirety.

 - A. Acre-foot.** The volume of water contained in one-acre area one foot deep. Approximately 435.6 ccf or 325,851 gallons.
 - B. CCF.** The volume of water contained in one hundred cubic feet. Approximately 748 gallons.
 - C. CFS.** A flow rate of one cubic foot of water per second. Approximately 448.8 gallons per minute.
 - D. Groundwater Replenishment.** Water used for direct spreading by a Member Agency to meet the legal requirements of groundwater basin adjudication.

E. Member Agency. Those agencies within TVMWD's service area that are or can be provided with water service as listed below:

Boy Scouts of America – Firestone Scout Reservation
California State University - Pomona
Covina, City of
Covina Irrigating Company
Glendora, City of
Golden State Water Company (Claremont & San Dimas)
La Verne, City of
Mt. San Antonio College
Pomona, City of
Pomona-Walnut-Rowland Joint Pipeline Commission
Rowland Water District
Suburban Water Systems
Valencia Heights Water Company
Walnut Valley Water District

F. MWD. MWD is a metropolitan water district organized and existing under the Metropolitan Water District Act of the State of California (Statutes 1969, Chapter 209, as amended).

G. Imported Water. District water shall be comprised of water resources obtained from MWD, TVMWD's Miramar delivery, Member Agencies and other parties and/or produced and treated water by TVMWD from surface and groundwater resources. MWD Tier 1 and other supply charges are included in TVMWD's water charge.

7. General Manager Authority. TVMWD's General Manager is hereby authorized to take any and all actions necessary to carry out the intent of the Board as is stated herein and as otherwise required in order to comply with applicable law.

ADOPTED and PASSED at a meeting of the Three Valleys Municipal Water District's Board of Directors held via teleconference, on this 20TH day of April 2022 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Jody Roberto
President

ATTEST:

Carlos Goytia
Secretary

SEAL:

MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2023

DRAFT

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.4	\$ 4,128.36	\$ 344.03	0.28%
Cal Poly	0.6	\$ 6,605.37	\$ 550.45	0.44%
Covina	3.8	\$ 41,283.58	\$ 3,440.30	2.76%
Covina Irrigating Company	16.1	\$ 173,391.04	\$ 14,449.25	11.61%
Glendora	11.6	\$ 125,502.09	\$ 10,458.51	8.40%
Joint Water Line (JWL)	28.9	\$ 312,103.88	\$ 26,008.66	20.90%
La Verne	13.2	\$ 142,382.95	\$ 11,865.25	9.53%
Mt. Sac	1.0	\$ 10,733.73	\$ 894.48	0.72%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	6.2	\$ 66,879.40	\$ 5,573.28	4.48%
GSWC (Claremont)	15.8	\$ 170,546.61	\$ 14,212.22	11.42%
GSWC (San Dimas)	12.7	\$ 137,061.49	\$ 11,421.79	9.18%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	28.1	\$ 303,021.49	\$ 25,251.79	20.29%
TOTAL	138.3	1,493,640	\$ 124,470	100.00%

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 138.3 cfs at \$10800 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.*

DRAFT

TVMWD FIXED CHARGES SUMMARY
EFFECTIVE JANUARY 2023

Item 8.D - Exhibit B


AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	17.9	\$ 81.47	0.03%	1.5	\$ 1,059.46	0.37%	254.3	\$ 287.82	0.10%	\$ 1,428.74
Cal Poly	103.6	\$ 472.38	0.16%	2.0	\$ 1,412.61	0.49%	2,542.6	\$ 2,878.19	1.00%	\$ 4,763.18
Covina	50.3	\$ 229.50	0.08%	20.0	\$ 14,126.10	4.91%	5,199.9	\$ 5,886.27	2.05%	\$ 20,241.87
Covina Irrigating Company	7,360.7	\$ 33,561.90	11.66%	20.0	\$ 14,126.10	4.91%	0.0	\$ -	0.00%	\$ 47,688.00
Glendora	1,484.7	\$ 6,769.53	2.35%	40.0	\$ 28,252.19	9.82%	28,083.9	\$ 31,790.66	11.05%	\$ 66,812.38
Joint Water Line (JWL)	18,012.2	\$ 82,128.87	28.53%	121.0	\$ 85,462.89	29.69%	0.0	\$ -	0.00%	\$ 167,591.76
La Verne	5,691.6	\$ 25,951.70	9.02%	15.0	\$ 10,594.57	3.68%	20,924.5	\$ 23,686.34	8.23%	\$ 60,232.61
Mt. Sac	420.7	\$ 1,918.24	0.67%	5.0	\$ 3,531.52	1.23%	2,542.6	\$ 2,878.19	1.00%	\$ 8,327.95
Pomona	0.0	\$ -	0.00%	20.0	\$ 14,126.10	4.91%	44,632.5	\$ 50,523.57	17.55%	\$ 64,649.66
Rowland Water District	3,781.9	\$ 17,244.21	5.99%	30.0	\$ 21,189.15	7.36%	23,974.5	\$ 27,138.91	9.43%	\$ 65,572.26
GSWC (Claremont)	5,567.3	\$ 25,384.89	8.82%	15.0	\$ 10,594.57	3.68%	27,654.5	\$ 31,304.63	10.88%	\$ 67,284.10
GSWC (San Dimas)	8,507.5	\$ 38,791.05	13.48%	35.0	\$ 24,720.67	8.59%	32,705.0	\$ 37,021.75	12.86%	\$ 100,533.46
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	16,706.0	\$ 18,911.03	6.57%	\$ 18,911.03
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 2,825.22	0.98%	1,605.7	\$ 1,817.59	0.63%	\$ 4,642.81
Walnut Valley Water District	12,125.0	\$ 55,285.49	19.21%	79.0	\$ 55,798.08	19.39%	47,433.5	\$ 53,694.27	18.66%	\$ 164,777.84
TOTAL	63,123.4	\$ 287,819	100%	407.5	\$ 287,819	100%	254,259	\$ 287,819	100%	\$ 863,458

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: April 6, 2022
Subject: **FY 2022/2023 Water Standby Charge**

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

Staff Recommendation:

No Action Necessary – Informational Item Only

Discussion:

Each year MWD assesses a Readiness-To-Serve (RTS) charge to its member agencies. The amount is determined by MWD which is sufficient to recover a portion of their debt service costs to finance capital expenditures for projects needed to provide standby and emergency storage service needs.

MWD will adopt the RTS charge stating each MWD member agency's portion in the second quarter of 2022. TVMWD's portion of the MWD RTS charge for FY 2022/2023 increased from \$5.9 million to \$6.7 million. The funds will be collected on property taxes in the following manner:

- MWD will collect \$1.9 million via a water standby charge imposed on parcels within the Three Valleys' service area at \$12.21 per parcel.
- TMMWD will collect the remaining \$4.8 million (plus \$71,000+ for other charges of the engineering report, county admin fees, public hearing notices and legal costs) via a water standby charge imposed based on equivalent dwelling units (EDU) within TVMWD's service area. The proposed standby charge for FY 2022/2023 for a typical residential homeowner will increase from \$20.43 to \$24.50 per EDU.

Each year TVMWD must take steps to approve and implement this standby charge. The rate and methodology will be described in the Draft Engineer's Report that will be provided at the Board Meeting on April 20, 2022.

The proposed schedule to implement the charge for the current year is as follows:

Task	Date
Harris & Associates to prepare a draft copy of the Engineer's Report and electronically submit to TVMWD	3/31/22
Harris & Associates to electronically submit the Engineer's Report to TVMWD for the Resolution of Intention Board Meeting	4/6/22
Resolution of Intention Board Meeting	4/20/22
TVMWD to publish Joint Public Meeting/Public Hearing Notice:	First notice Second notice Third notice
	4/27/22 5/4/22 5/11/22
Public Meeting to consider Resolution to Adopt Standby Charge	6/1/22
TVMWD to publish Public Hearing Notice:	First notice Second notice
	6/1/22 6/8/22
Harris & Associates to electronically submit the final Engineer's Report to TVMWD for the Public Hearing	6/8/22
Public Hearing to consider Resolution to Adopt Standby Charge	6/15/22
Submit assessments to Los Angeles County	8/10/22
Submit levy correction to Los Angeles County	8/31/22
Submit diskette and report with applied levy summary to TVMWD	9/30/22

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):

None


Meeting History:

Board of Director's Meeting – March 2, 2022, Information Item Only

NA/LC



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 6, 2022
Subject: **Groundwater Reliability Partnership Principles of Agreement**

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

Staff Recommendation:

No Action Necessary - Informational Item Only

Background:

The City of Glendora [City/Glendora] is interested in developing reliable cost-effective local supplies in addition to its imported water supplies, especially during supply shortages. The City is interested in placing its existing stranded groundwater extraction wells that are currently inoperable due to groundwater contamination into service, thereby augmenting local water supply reliability; in particular, the city is interested in developing its Wells No. 3 and No. 4 in the City of Irwindale.

The City approached TVMWD to reinstate the planning efforts with the Puente Basin Water Agency to potentially place the wells into service and develop a regional approach and benefit. As a result of these discussions, staff has prepared the draft Principles of Agreement for the agencies to collaborate and develop a program that can achieve mutual water reliability goals.

Discussion:

The re-operation of Glendora Wells No. 3 and 4 have been discussed amongst the agencies in various forums since 2017. An initial technical study was completed in 2017. In April 2019, a cost share agreement was developed between TVMWD and Glendora to further analyze the opportunities and constraint, in particular to identify additional treatment technologies, other TVMWD partner agencies and develop potential operational structure; however, the project did not progress and was put on hold.

The current and projected water supply/shortage conditions has reignited the interest of both Glendora and the PBWA agencies and have requested TVMWD to relaunch the groundwater reliability project in the Main San Gabriel Groundwater Basin. The Groundwater Reliability Partnership Principles of Agreement, included as **Exhibit A**, provides the framework for the partnership and development of a project that meets the mutual interest of the agencies.

Based on the foregoing discussion, staff recommends that the Board of Directors authorize the General Manager to have this item placed on a future board agenda for approval.

Strategic Plan Objective(s):

- I.3 – Maintain diverse sources of water supplies and storage
- I.4 – Prepare for long term MWD shutdown or catastrophic event that affects operations
- 2.5 – Increase ability to store water for future use
- 3.3 – Be accountable and transparent with major decisions

Attachment(s):

Exhibit A – Groundwater Reliability Partnership Principles of Agreement

Meeting History:

None

SL/ML

**GROUNDWATER RELIABILITY PARTNERSHIP
PRINCIPLES OF AGREEMENT
BETWEEN
THREE VALLEYS MUNICIPAL WATER DISTRICT, CITY OF GLENDORA,
AND PUENTE BASIN WATER AGENCY**

Groundwater Reliability Partnership Objectives

- TVMWD (Three Valleys Municipal Water District) is interested in securing additional reliable local water supplies to provide drought resilience to its member agencies' water resources portfolio to serve its community today, into the future, and under uncertain climate conditions.
- City of Glendora is interested in developing reliable local supplies during supply reductions/shortages from surface water to have resilient cost-effective supplies in addition to its imported water supplies.
- City of Glendora is interested in utilizing its existing stranded groundwater extraction wells, that are currently inoperable due to groundwater contamination to be placed into service that would add to the local water supply reliability; in particular, the city is interested in developing its Wells No. 3 and No. 4 in the City of Irwindale.
- The Puente Basin Water Agency (PBWA) is a Joint Powers Authority between Rowland Water District & Walnut Valley Water District created in 1971 for the protection and stewardship of the local, imported and recycled water supply within Puente Basin relies primarily on imported water supplies. The PBWA is interested in developing reliable local supplies to augment its supply portfolio and provide resilient cost-effective supplies for their respective service areas.
- The PBWA'S combined imported water demand from TVMWD is approximately 25,000 acre-feet per year [AFY]. The City of Glendora's wells historically production capacity was 6,200 AFY, with a high potential to offset 25 percent of imported water demands and provide resiliency during supply shortages.
- The City of Glendora and the PBWA [Partner Agencies] desire for TVMWD to take the lead in the project development as the regional wholesale water agency to develop a Groundwater Reliability Project that provides overall resilience for the service area and accomplishes the objectives as established above.
- Other TVMWD Member Agencies in the future may desire to be a partner to this groundwater reliability partnership and may be included with future terms.

**GROUNDWATER RELIABILITY PARTNERSHIP
PRINCIPLES OF AGREEMENT
BETWEEN
THREE VALLEYS MUNICIPAL WATER DISTRICT, CITY OF GLENDORA,
AND PUENTE BASIN WATER AGENCY**

Proposed Principles of Agreement

- TVMWD and the Partner Agencies desire to update the previously completed feasibility study for the project based on current conditions to develop the scope of the Groundwater Reliability Project. TVMWD will serve as the lead agency in the technical study.
- In addition to the technical feasibility study that will develop the capital infrastructure options needed to facilitate the development and distribution of the treated groundwater supply, TVMWD and the Partner Agencies will develop concepts for:
 - The project ownership and operation
 - Terms of use of developed supplies by TVMWD and the Partner Agencies
- Based on the results of the studies, the agencies may collectively develop future agreements for the capital project construction and operation.

Proposed Terms of the Agreement

- TVMWD and the Partner Agencies agree to equally fund any costs associated with the hiring of third parties to complete any additional studies.
- The costs of such studies will be reviewed by the Partner Agencies and concurrence provided through written documentation before TVMWD will enter into agreement for services with any Third Party.

This Partnership Agreement is effective as of _____ May 2022.

Three Valleys Municipal Water District
Matthew Litchfield, P.E.
General Manager/Chief Engineer


City of Glendora
Adam Raymond
City Manager

Puente Basin Water Agency
Erik Hitchman, P.E.
Administrative Officer



Board of Directors Staff Report

To: TVMWD Board of Directors

From: Matthew H. Litchfield, General Manager 

Date: April 6, 2022

Subject: **Resolution to Support Bureau of Reclamation's WaterSMART Regional Drought Response Plan Grant Application**

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

Staff Recommendation:

No Action Necessary - Informational Item Only

Background:

The Bureau of Reclamation announced funding opportunity under its WaterSMART (Sustain and Manage America's Resources for Tomorrow) Regional Drought Response Plan: Drought Contingency Plan for Fiscal Year 2022-23. The WaterSMART Program provides a framework for Federal leadership and assistance to stretch and secure water supplies for future generations in support of the U.S. Department of Interior's priorities; it supports a proactive approach to drought by providing financial assistance to develop and update comprehensive drought plans (Drought Contingency Planning) and implement projects that will build long-term resilience to drought (Drought Resiliency Projects).

Consistent with TVMWD's Fiscal Year 2022-23 Strategic Plan goals, staff is in the process of developing a Water Resources Master Plan that will provide a road map to continue to provide reliable high quality water supply in the most cost-effective manner. The WaterSMART funding has the potential to support the development and update of TVMWD's Drought Contingency Plan along with the proposed Water Resources Master Plan that will build long-term resiliency to drought and offset local costs.

Discussion:

The WaterSMART Program provides financial assistance on a 50/50 cost share basis to complete projects that will build long-term resilience to drought by increasing the reliability of water supplies, improving water management, or providing benefits for fish and wildlife and the environment. The WaterSMART funding application for the Drought Contingency Plan is due on April 14, 2022 and requires the governing Board to adopt a resolution to support the submittal of the grant and committing to fund the local cost share if funding is awarded. The draft resolution is included as **Exhibit A**. The potential funding from Reclamation will offset local costs up to

50%, maximum eligibility of \$200,000 per award, and will enable the TVMWD service area to create a road map that will increase water reliability and improve water management through the use of expanded technologies and improved modeling capabilities. As part of this planning effort, staff will work with TVMWD's member agencies, watermasters and interested stakeholders to develop a robust plan.

Based on the foregoing discussion, staff recommends that the Board of Directors authorize the General Manager to have this item placed on a future board agenda for approval.

Strategic Plan Objective(s):

- 1.1 – Secure water supplies that exceed the estimated annual demands
- 1.3 – Maintain diverse sources of water supplies and storage
- 1.4 – Maintain infrastructure to assure 100% reliability
- 1.5 – Prepare for long term MWD shutdown or catastrophic event that affects operations
- 2.5 – Increase ability to store water for future use
- 3.3 – Be accountable and transparent with major decisions
- 3.4 – Communicate what TVMWD's role is in the delivery of water

Attachment(s):

Exhibit A – Resolution No. 22-04-DRAFT USBR WaterSMART Drought Funding

Meeting History:

None

SL/ML

RESOLUTION NO. 22-04-DRAFT

**RESOLUTION OF THE BOARD OF DIRECTORS OF THREE VALLEYS
MUNICIPAL WATER DISTRICT AUTHORIZING TVMWD'S APPLICATION
FOR THE BUREAU OF RECLAMATION WATERSMART: DROUGHT
RESPONSE PROGRAM FOR FISCAL YEAR 2022**

WHEREAS, the Three Valleys Municipal Water District ("TVMWD") is a municipal water district established pursuant to Section 71000 et seq. of the California Water Code; and

WHEREAS, TVMWD is a member agency of the Metropolitan Water District of Southern California ("MWD") and is responsible for the sale and distribution of the water it purchases from MWD; and

WHEREAS, imported water supply in the TVMWD service area is facing a growing list of challenges associated with a prolonged drought, regulatory cutbacks on State Water Project deliveries, Delta instability, climate change, aging infrastructure, and growing population; and

WHEREAS, the United States Department of the Interior, Bureau of Reclamation, under the WaterSMART: Drought Response Program: Drought Contingency Planning Grants for Fiscal Year 2022 will make funding available to qualifying applicants; and

WHEREAS, the Board of Directors of TVMWD has identified a project that exemplifies the objectives of the WaterSMART grant in the Water Resources Master Plan; and

WHEREAS, TVMWD agrees to the administration and cost sharing requirements of the WaterSMART Grant criteria.

NOW THEREFORE BE IT RESOLVED by the TVMWD's Board of Directors as follows:

1. The Board of Directors has reviewed and supports the grant application to be submitted to the Bureau of Reclamation for the WaterSMART: Drought Response Program: Drought Contingency Planning Grants for Fiscal Year 2022 grant in the amount of \$200,000.

2. This resolution shall be a component part of TVMWD's grant application.

3. TVMWD is capable of providing the amount of funding and/or in-kind contributions specified in the grant application funding plan.

4. TVMWD is hereby authorized to receive, if awarded, the WaterSMART: Drought Response Program: Drought Contingency Planning Grants for Fiscal Year 2022 funding in the amount of \$200,000 and will make a good faith effort to negotiate and enter into a cooperative agreement with the Bureau of Reclamation for the receipt and administration of said grant funds.

5. The General Manager, or his designee, is hereby authorized to take any and all actions which may be necessary for the negotiation, completion, and execution of the cooperative agreement and to take any and all other actions which may be necessary for the receipt and

administration of the grant funding in accordance with the requirements of the Bureau of Reclamation.

6. This Resolution shall be effective as of the date of adoption.

ADOPTED and **PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors held via teleconference, on this 20th day of April 2022 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Jody Roberto
President, Board of Directors

ATTEST:


Carlos Goytia
Secretary, Board of Directors

SEAL:



Board of Directors Staff Report

To: TVMWD Board of Directors

From: Matthew H. Litchfield, General Manager 

Date: April 6, 2022

Subject: **Miramar Plant Emergency Electrical Upgrades | Contract Amendment**

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

Staff Recommendation:

No Action Necessary - Informational Item Only

Background:

During its regular Board meeting on November 18th, 2020, the Board authorized the General Manager to award Mullen & Associates a design contract for the Miramar Emergency Electrical Upgrades Project for \$74,940. The project was initiated to provide emergency generator connections to critical infrastructure of the Miramar Treatment Plant and on-site wells. After some additional value engineering reviews, the original scope needs revision; these value design services will reduce the overall construction costs. In addition, during the annual treatment plant shutdown in February 2022, an unplanned issue occurred with the plants' main electrical breakers resulting in additional plant down time; the main electrical breakers could not be isolated by staff. The overall goal of the project is still to provide emergency electrical reliability to the plant. The additional tasks will incorporate the recent issues with the electrical breakers and address safety concerns while also using value engineering to remain cost effective.

Discussion:

Staff requested costs for the additional tasks associated with the value engineering task of emergency electrical upgrades and electrical breakers from the original design consultant Mullens & Associates.

Staff has reviewed the scope and level of work estimate and found them within reason to previous cost estimates and industry standards.

Based on the foregoing discussion, staff recommends that the Board of Directors authorize the General Manager to have this item placed on a future board agenda for approval.

Strategic Plan Objective(s):

I.4 – Maintain water infrastructure to assure 100% reliability

I.5 – Prepare for long-term MWD shutdown or catastrophic event that affects operations

Attachment(s):

Exhibit A – Contract Amendment

Meeting History:

Board of Directors Meeting – November 18, 2020, Action Item

NA/KTP



BOARD OF DIRECTORS
 Brian Bowcock
 David D. De Jesus
 Carlos Goytia
 Bob Kuhn
 Jody Roberto
 Danielle Soto
 Mike Ti

GENERAL MANAGER/CHIEF ENGINEER
 Matthew H. Litchfield, P.E.

April 20, 2022

Casey Cushman
 Project Manager
 Mullens & Associates INC
 1200 N. Jefferson ST, Unit D
 Anaheim CA 92807

RE: Contract Amendment 01 for Professional Design Services for Miramar Plant Emergency Electrical Upgrades dated November 24th, 2020

Dear Mr. Cushman:

This letter serves as Three Valleys Municipal Water District’s (the “District”) approval to amend the subject services agreement dated November 24, 2020 for the additional scope of work requested by the District and as detailed per your proposals dated 3/15/22 and 3/16/22. A copy of the amendment proposals outlining the scope of work is attached and shall be considered a part of the approved amendment.

The modified amount shall not exceed the total of \$115,940.00 without prior written approval of the District. The total reflects the \$41,000.00 adjustment for the additional design effort (actual and anticipated) by Mullens & Associates, Inc and the additional work authorized is summarized below:

Amendment	Description	Costs
01	Task #1- Revise design drawings to incorporate emergency generator connections for Well 2 and the existing emergency generator only	\$16,000.00
	Task #2- Research, engineer, and develop design drawing and documents to replace the existing main SCE switchboard located in the hydroelectric Building	\$25,000.00
	Amendment Task Subtotal	\$41,000.00
	Original Agreement Amount	\$74,940.00
	Revised Agreement Amount	\$115,940.00

If you should have any questions, please feel free to contact project manager Kevin Panzer at (909) 621-5568 ext. 110 or at kpanzer@tvmwd.com

Sincerely,

Matthew H. Litchfield, P.E.
General Manager/ Chief Engineer

DRAFT