

As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

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

Wednesday, April 1, 2020 – 8:00 a.m.

SPECIAL NOTICE OF TELECONFERENCE ACCESSIBILITY

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

<https://attendee.gotowebinar.com/register/8454573021794273035>

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

Any member of the public wishing to make comments to the Board may do so by filling out the speaker's card at the following link: **<https://arcg.is/0z5GqO>**

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

Item 1 – Call to Order

Kuhn

Item 2 – Pledge of Allegiance

Kuhn

Item 3 – Roll Call

**Executive
Assistant**

Item 4 – Additions to Agenda [Government Code Section 54954.2(b)(2)]

Kuhn

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

Item 5 – Reorder Agenda

Kuhn

Item 6 – Public Comment (Government Code Section 54954.3)

Kuhn

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

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

Item 7 – Presentation

Peng

Mr. Robert Peng, Information Technology Manager, will provide the Board with a preview of the new District website.

A representative from LSL CPA’s will provide the Board with a review of the upcoming audit process for FY 2019-20.

Linthicum

Item 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.

8.A – American Water Infrastructure Act (AWIA) Update – [enc]

Howie

Mr. William Lin, Claris Strategy and Mr. Dean Gipson, HDR, Inc. will provide an AWIA update to the Board.

8.B – Approval of Support for Senate Bill (SB) 1352 (Portantino) – [enc]

Howie

The Board will consider for approval a letter of support for SB 1352.

Item 8.B – Board Action Required

Staff Recommendation: Approve as presented

8.C – Review of the FY 2020-21 Budget – [enc]

Linthicum

The Board will review updates to the second draft of the FY 2020-21 budget and may direct staff to return this item to the April 15, 2020 Board meeting for consideration of approval.

8.D – Resolution No. 20-04-DRAFT Adopting Water Rates and Charges for CY 2021 – [enc]

Linthicum

The Board will review draft Resolution No. 20-04-DRAFT for CY 2021 Water Rates and Charges and may direct staff to return this item to the April 15, 2020 Board meeting for consideration of approval.

8.E – Review FY 2020-21 Water Standby Charge – [enc]

Linthicum

The Board will review the proposed schedule to initiate FY 2020-21 Water Standby Charge.

8.F – Review FY 2019-20 Encumbrance Carryforward – [enc]

Linthicum

The Board will review and consider rolling forward funds to the next fiscal year for projects that aren't expected to be completed by June 30, 2020. The Board may direct staff to return this item to the April 15, 2020 Board meeting for consideration of approval.

8.G – Board of Directors Meeting Compensation Discussion

Kuhn

The Board will discuss Directors' Expense Report compensation.

Item 9 – Closed Session

Kuhn

9.A – Conference with Legal Counsel – Anticipated Litigation

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

9.B – Conference with Labor Negotiators (Government Code Section 54957.6)

- District Designated Representative: Steven M. Kennedy General Counsel
- Unrepresented Employee: Matthew H. Litchfield, General Manager

Item 10 – Future Agenda Items

Kuhn

Item 11 – Adjournment and Next Meeting

Kuhn

The Board will adjourn to its next Regular Board Meeting on Wednesday, April 15, 2020 at 8:00 a.m.

American Disabilities Act Compliance Statement
Government Code Section 54954.2(a)



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

Agenda items received after posting
Government Code Section 54957.5

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

Three Valleys MWD Board Meeting packets and agendas are available for review on its website at www.threevalleys.com.



March 19, 2020

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 business-type activities of the Three Valleys Municipal Water District (the District) for the year ended June 30, 2020. 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 Three Valleys Municipal Water 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 Three Valleys Municipal Water 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 [Name of Governmental Unit] '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(s) 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 2020 and issue our report on approximately October 2020. Richard Kikuchi 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,

Lance, Soll & Loughard, LLP



March 24, 2020

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, 2020. We will audit the financial statements of the business-type activities including the related notes to the financial statements, which collectively comprise the basic financial statements, of Three Valleys Municipal Water District as of and for the fiscal year ended June 30, 2020. 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 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 Three Valleys Municipal Water 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 STATEMENT:

- 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 STATEMENT:

- 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 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, 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. 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 nonaudit 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 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.



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 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, schedule of expenditures of federal awards, and related notes, and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, 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 non-audit 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. Richard Kikuchi 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.



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 Implementation

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.

GASB 75 Implementation

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.



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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 2016 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.

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.

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 to us by 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.

Records Management –

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.



Three Valleys Municipal Water District
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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.

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 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



Three Valleys Municipal Water District
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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.

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.



Three Valleys Municipal Water District
Page 13

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: James Lenthien

Title: Chief Finance Officer

Date: 03-24-2020



**Board of Directors
Staff Report**

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager *[Signature]*
Date: April 1, 2020
Subject: AWIA Update

<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:	\$

Discussion:

As announced at the last board meeting, the district has completed with the initial phase of the Congress-mandated American Water Infrastructure Act (AWIA), which requires agencies to conduct a Risk and Resilience Assessment (RRA) of their water systems. In concert with our consultant, we submitted the required self-certification to the USEPA. Our project consultant from HDR, Inc. will provide a short presentation this morning summarizing the work completed thus far.

The next and final phase requires the completion of an Emergency Response Plan (ERP) by September 30. Consultants Claris Strategy and HDR, Inc., will be working with staff over the next several months to meet compliance with this phase.

Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions

Attachment(s):

None

Meeting History:

December 18, 2019 Update


February 19, 2020 Update

March 18, 2010 Update

KH/ML



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 1, 2020
Subject: Approval of Support for SB 1352 (Portantino)

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

Discussion:

At the March 18 board meeting, it was suggested that staff gather information on Senate Bill 1352, authored by one of the district’s Senators, Anthony Portantino. Staff reached out to Robert Cruz, Public Affairs Manager with the Southern California Gas Company, to obtain more details.

SB 1352 would require California natural gas utilities to procure at least 20% of gas for residential and small-to medium-sized businesses from renewable sources.

Replacing fossil fuels with biomethane and making it cost-effectively accessible will reduce demand for natural gas and ultimately help California achieve its 2030 climate target.

It is recommended that the district support SB 1352. Attached is a draft letter for consideration of approval.

Strategic Plan Objective(s):

- 3.3 – Be accountable and transparent with major decisions
- 3.5 – Ensure that all of the region’s local government policy makers understand TVMWD’s role in the delivery of water.

Attachment(s):

Exhibit A – Draft Letter of Support for SB 1352 (Portantino)

Meeting History:

KH/ML



BOARD OF DIRECTORS

Brian Bowcock
David D. De Jesus
Carlos Goytia
Denise Jackman
Bob Kuhn
John Mendoza
Jody Roberto

GENERAL MANAGER/CHIEF ENGINEER

Matthew H. Litchfield, P.E.

April 1, 2020

The Honorable Ben Hueso
Chair, Senate Energy, Utilities and Communications Committee
State Capitol, Room 4035
Sacramento, CA 95814

RE: SB 1352 (Hueso) – Gas Corporations: Biomethane Procurement - SUPPORT

Dear Chair Hueso,

On behalf of the Three Valleys Municipal Water District (TVMWD), I am writing to express our strong support for SB 1352, which would require California natural gas utilities to procure at least 20% of gas for residential and small-to medium-sized businesses from renewable sources.

TVMWD is a wholesale water agency responsible for treating raw water coming through the State Water Project system and delivering the finished water to a network of retail water agencies covering a 133 square mile area of over 500,000 people in the San Gabriel Valley. As a direct member agency of the Metropolitan Water District of Southern California, we recognize the fact that the increased use of renewable resources goes a long way in achieving the ambitious state climate and energy procurement goals.

Replacing fossil fuels with biomethane and making it cost-effectively accessible will reduce demand for natural gas and ultimately help California achieve its 2030 climate target.

For these reasons TVMWD strongly supports SB 1352 and we respectfully requests your “Aye” vote when it is heard in the Senate Committee on Energy, Utilities and Communications. Please feel free to contact me if you have any questions at 909-621-5568.


Sincerely,

Matthew Litchfield
General Manager

cc: Senators Bob Archuleta, Ling-Ling Chang, Connie Leyva, Anthony Portantino, Susan Rubio
Assembly Members Ian Calderon, Phillip Chen, Chris Holden, Freddie Rodriguez, Blanca Rubio



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 1, 2020
Subject: **FY 20-21 Budget**

<input type="checkbox"/> For Action	<input checked="" type="checkbox"/> Fiscal Impact	\$ 74,100,000
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Funds Budgeted:	

Staff Recommendation:

No Action Necessary – Informational Item Only

Discussion:

Attached is version 2.0 of the FY 20-21 budget. Only minor changes have been made since the first draft presented last month:

- \$20,000 increase of legal fees due to expected increase in services
- \$15,000 decrease to staff compensation due to revised estimates
- \$4,000 increase for various O&M items
- With the increases listed above, the fixed charge increased slightly (\$3,700) that is allocated amongst the member agencies.

Summary:

Based on this updated draft of the budget, TVMWD would still be able to reduce the current \$10 per acre foot surcharge discount to \$12 for 2021 and the foreseeable future.

This item will be brought back for consideration of adoption at the April 15, 2020 board meeting.

Strategic Plan Objective(s):

- 3.1 – Utilize and comply with a set of financial policies to maintain TVMWD's financial health
- 3.3 – Be accountable and transparent with major decisions

Attachment(s):

Exhibit A – Budget Draft 2.0

Meeting History:

March 4, 2020 Board Meeting


NA/JL

Item 8.C - Exhibit A

FY 2020/21 TVMWD BUDGET VERSION 2.0										
	FY 2019/20	FY 2019/20	FY 2020/21	Pass Through	Operating	Capital	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
REVENUES	Budget	Projected	Budget	Fund	Fund	Fund	Budget	Budget	Budget	Budget
Water Sales	58,985,405	62,480,758	64,042,738		64,042,738		64,906,665	67,552,883	70,376,931	72,295,773
Standby Charge	3,551,583	3,562,780	3,808,196	3,808,196			4,093,811	4,264,876	4,349,743	4,540,121
Capacity Charge Assessment	1,173,600	1,173,600	1,430,320	1,430,320			1,693,365	1,786,250	1,964,875	2,150,645
Property Taxes	2,300,944	2,432,200	2,346,337			2,346,337	2,346,337	2,346,337	2,346,337	2,346,337
Fixed Charge Assessment	685,624	685,624	717,787		717,787		759,122	783,305	805,970	829,875
Hydroelectric Sales	276,609	117,000	164,000		164,000		164,000	164,000	164,000	164,000
Interest Income	212,900	372,546	146,350		146,350		146,350	146,350	146,350	146,350
Pumpback O&M & Reservoir #2 Reimb.	20,000	27,530	20,000	20,000			20,000	20,000	20,000	20,000
Grants and Other Revenue	202,798	335,520	5,317		5,317		5,450	5,587	5,726	5,869
TOTAL REVENUES	67,409,463	71,187,559	72,681,045	5,258,516	65,076,192	2,346,337	74,135,101	77,069,587	80,179,931	82,498,970
EXPENSES										
Water Purchases	52,837,522	56,677,073	58,011,708		58,011,708		58,266,890	60,319,171	62,518,774	64,172,504
MWD RTS Charge	3,551,583	3,542,074	3,808,196	3,808,196			4,093,811	4,264,876	4,349,743	4,540,121
Staff Compensation	4,200,756	4,168,225	4,377,912		4,377,912		4,606,224	4,780,980	4,945,598	5,116,045
MWD Capacity Charge	1,173,600	1,173,600	1,430,320	1,430,320			1,693,365	1,786,250	1,964,875	2,150,645
Operations and Maintenance	1,713,532	1,760,802	1,615,485		1,615,485		1,640,285	1,681,074	1,722,877	1,765,720
Capital Repair and Replacement	734,297	264,212	326,000			326,000	350,000	275,000	200,000	-
Capital Investment Program	5,024,508	3,700,653	1,810,000			1,810,000	2,375,833	2,800,000	2,325,000	1,275,000
Professional Services	509,982	482,705	566,255		566,255		645,336	610,141	625,313	640,863
Directors Compensation	331,520	320,563	323,892		323,892		326,805	329,806	332,897	336,080
Communication and Conservation Programs	178,000	165,123	183,000		183,000		187,551	192,215	196,994	201,893
Planning and Resources	287,628	305,844	90,500		90,500		92,750	95,057	97,421	99,843
Membership Dues and Fees	81,054	86,716	87,989		87,989		90,177	92,419	94,718	97,073
Hydroelectric Facilities	39,000	13,980	39,000		39,000		39,970	40,964	41,982	43,026
Pumpback O&M & Reservoir #2	20,000	27,530	20,000	20,000			20,000	20,000	20,000	20,000
Board Elections	-	-	-		-		-	-	-	-
Reserve Replenishment	238,181	238,181	238,182		238,182		376,364	476,364	576,364	676,364
Project Encumbrances from prior year		1,213,851	1,213,851			1,213,851	-	-	-	-
TOTAL EXPENSES	70,921,163	74,141,133	74,142,290	5,258,516	65,533,923	3,349,851	74,805,361	77,764,316	80,012,556	81,135,178
NET INCOME (LOSS) BEFORE TRANSFERS	(3,511,700)	(2,953,574)	(1,461,246)	-	(457,731)	(1,003,514)	(670,260)	(694,728)	167,375	1,363,792
TRANSFER FROM/(TO) CAPITAL RESERVES	1,217,269	1,217,269	(210,337)			(210,337)	379,496	728,663	178,663	(1,071,337)
TRANSFER FROM/(TO) OPPORTUNITY RESERVES	150,000									
TRANSFER FROM/(TO) ENCUMBERED RESERVES	2,276,692	2,276,692	1,213,851			1,213,851				
NET INCOME (LOSS) AFTER TRANSFERS	132,261	540,387	(457,731)	-	(457,731)	-	(290,764)	33,935	346,038	292,455
	CY 2020		CY 2021				CY 2022	CY 2023	CY 2024	CY 2025
MWD RATE	\$ 1,078		\$ 1,131				1,183	1,237	1,270	1,306
TVMWD SURCHARGE	\$ (10)		\$ (12)				(12)	(12)	(12)	(12)
TVMWD RATE	\$ 1,068		\$ 1,119				\$ 1,171	\$ 1,225	\$ 1,258	\$ 1,294
ANNUAL FIXED CHARGE	\$ 689,917		\$ 745,657				\$ 772,588	\$ 794,023	\$ 817,917	\$ 841,832



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 1, 2020
Subject: Resolution No. 20-04-Draft Adopting Water Rates for CY 2021

<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, 2021. Based on the assumptions for TVMWD FY 2020-21 Budget Version 2.0, TVMWD will apply a surcharge discount of -\$12 per AF to treated water delivered during calendar year 2021. This is the fourth 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 2021. 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 2021. This item will be brought back for consideration of adoption on April 15, 2020.

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. 20-04-DRAFT Water Rates and Charges for Calendar Year 2021

Exhibit B – Capacity Charge 2021

Exhibit C – Fixed Charge 2021

Meeting History:

Board of Directors Meeting, March 4, 2020, Informational Item

NA/JL

RESOLUTION NO. 20-04-DRAFT

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THREE VALLEYS MUNICIPAL WATER DISTRICT
ADOPTING WATER RATES FOR CALENDAR YEAR 2021**

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 2020-21 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, 2021 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 2021 are as follows:

<i>Member Agency</i>	<i>CY 2021 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
<i>Tier-1 Acre Foot Allotment</i>	<i>80,688</i>

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, 2021 treated water from TVMWD will be sold at \$1,119 per acre foot for Tier 1 and \$1,158 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 2020 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 2020 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, 2021 the untreated rates from TVMWD will be \$780 per acre foot for Tier 1 and \$819 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 \$11,200 per cubic foot second (cfs) effective January 1, 2021. TVMWD's Capacity Charge basis will be 142.9 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 2017 to 2019, as follows:

Agency	3 Year High Peak	Per CFS Charge 2020	2020 CFS Basis	2020 Monthly Charge	2020 Annual Charge
Boy Scouts	0.5	\$11,200	0.4	\$341	\$4,087
Cal Poly	0.8	\$11,200	0.6	\$545	\$6,539
Covina	7.1	\$11,200	5.2	\$4,836	\$58,036
Covina Irrigating Co.	20.0	\$11,200	14.6	\$13,623	\$163,481
Glendora	8.3	\$11,200	6.1	\$5,654	\$67,845
La Verne	17.7	\$11,200	13.0	\$12,087	\$145,049
Mt. SAC	2.3	\$11,200	1.7	\$1,567	\$18,800
PWR-JWL	41.3	\$11,200	30.1	\$28,132	\$337,588
RWD	16.0	\$11,200	11.7	\$10,899	\$130,785
GSWC – Claremont	21.3	\$11,200	15.5	\$14,478	\$173,740
GSWC - San Dimas	19.3	\$11,200	14.1	\$13,147	\$157,759
WVWD	41.2	\$11,200	30.1	\$28,064	\$336,771
Capacity Charge Totals:	195.8		142.9	\$133,373	\$1,600,480

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.

- 3. 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.
- 4. Cost Allocations.** The required revenue for the TVMWD's FY 2020-21 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 2021 Fixed Cost Allocation revenue of \$745,657 shall be obtained through three component allocations in equal amounts. Each allocated cost component will generate revenue of \$248,552. 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 2017-18 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, on this 15th day of April 2020 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Bob G. Kuhn
President

ATTEST:

Carlos Goytia
Secretary

SEAL:

MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2021

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.4	\$ 4,087.03	\$ 340.59	0.26%
Cal Poly	0.6	\$ 6,539.24	\$ 544.94	0.41%
Covina	5.2	\$ 58,035.79	\$ 4,836.32	3.63%
Covina Irrigating Company	14.6	\$ 163,481.10	\$ 13,623.43	10.21%
Glendora	6.1	\$ 67,844.66	\$ 5,653.72	4.24%
Joint Water Line (JWL)	30.1	\$ 337,588.48	\$ 28,132.37	21.09%
La Verne	13.0	\$ 145,048.61	\$ 12,087.38	9.06%
Mt. Sac	1.7	\$ 18,800.33	\$ 1,566.69	1.17%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	11.7	\$ 130,784.88	\$ 10,898.74	8.17%
GSWC (Claremont)	15.5	\$ 173,739.54	\$ 14,478.30	10.86%
GSWC (San Dimas)	14.1	\$ 157,759.26	\$ 13,146.61	9.86%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	30.1	\$ 336,771.07	\$ 28,064.26	21.04%
TOTAL	142.9	1,600,480	\$ 133,373	100.00%

Notes:

- 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 2017, 2018, and 2019.*
- The MWD Capacity Charge basis of 142.9 cfs at \$11200 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.*

TVMWD FIXED CHARGES SUMMARY

Item 8.D - Exhibit C

EFFECTIVE JANUARY 2021


AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER (ESM)			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	19.2	\$ 73.92	0.03%	1.5	\$ 914.92	0.37%	257.4	\$ 248.55	0.10%	\$ 1,237.38
Cal Poly	122.3	\$ 469.88	0.19%	2.0	\$ 1,219.89	0.49%	2,573.9	\$ 2,485.52	1.00%	\$ 4,175.29
Covina	86.9	\$ 334.09	0.13%	20.0	\$ 12,198.88	4.91%	5,150.0	\$ 4,973.23	2.00%	\$ 17,506.20
Covina Irrigating Company	5,962.5	\$ 22,914.68	9.22%	20.0	\$ 12,198.88	4.91%	0.0	\$ -	0.00%	\$ 35,113.56
Glendora	2,039.2	\$ 7,836.81	3.15%	40.0	\$ 24,397.76	9.82%	27,114.2	\$ 26,183.58	10.53%	\$ 58,418.15
Joint Water Line (JWL)	18,975.3	\$ 72,924.19	29.34%	121.0	\$ 73,803.23	29.69%	0.0	\$ -	0.00%	\$ 146,727.41
La Verne	5,148.0	\$ 19,784.39	7.96%	15.0	\$ 9,149.16	3.68%	20,854.5	\$ 20,138.76	8.10%	\$ 49,072.32
Mt. Sac	381.5	\$ 1,466.02	0.59%	5.0	\$ 3,049.72	1.23%	2,573.9	\$ 2,485.52	1.00%	\$ 7,001.26
Pomona	0.5	\$ 2.02	0.00%	20.0	\$ 12,198.88	4.91%	48,527.0	\$ 46,861.52	18.85%	\$ 59,062.43
Rowland Water District	6,101.8	\$ 23,449.73	9.43%	30.0	\$ 18,298.32	7.36%	24,322.5	\$ 23,487.74	9.45%	\$ 65,235.79
GSWC (Claremont)	5,799.5	\$ 22,288.24	8.97%	15.0	\$ 9,149.16	3.68%	27,432.0	\$ 26,490.52	10.66%	\$ 57,927.92
GSWC (San Dimas)	7,670.3	\$ 29,477.88	11.86%	35.0	\$ 21,348.04	8.59%	32,489.0	\$ 31,373.96	12.62%	\$ 82,199.88
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	17,122.5	\$ 16,534.85	6.65%	\$ 16,534.85
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 2,439.78	0.98%	1,595.6	\$ 1,540.84	0.62%	\$ 3,980.62
Walnut Valley Water District	12,367.7	\$ 47,530.33	19.12%	79.0	\$ 48,185.58	19.39%	47,373.5	\$ 45,747.61	18.41%	\$ 141,463.52
TOTAL	64,674.8	\$ 248,552	100%	407.5	\$ 248,552	100%	257,386	\$ 248,552	100%	\$ 745,657

Notes:

1. *The Imported Water Use Charge is based on average import water deliveries in the 2016/17, 2017/18 & 2018/19 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 1, 2020
Subject: FY 2020-21 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 2020. TVMWD's portion of the MWD RTS charge for FY 2020-21 increased from \$5.4 million to \$5.6 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 \$3.7 million (plus \$50,000+ 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 2020-21 for a typical residential homeowner will increase from \$19.25 to \$20.62 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 15, 2020.

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

Task	Date
Willdan Financial Services to prepare a draft copy of the Engineer's Report and electronically submit to TVMWD	4/1/20
Willdan Financial Services to electronically submit the Engineer's Report to TVMWD for the Resolution of Intention Board Meeting	4/8/20
Resolution of Intention Board Meeting	4/15/20
TVMWD to publish Joint Public Meeting/Public Hearing Notice:	First notice Second notice Third notice
	4/29/20 5/6/20 5/13/20
Public Meeting to consider Resolution to Adopt Standby Charge	6/3/20
TVMWD to publish Public Hearing Notice:	First notice Second notice
	6/3/20 6/10/20
Willdan Financial Services to electronically submit the final Engineer's Report to TVMWD for the Public Hearing	6/10/20
Public Hearing to consider Resolution to Adopt Standby Charge	6/17/20
Submit assessments to Los Angeles County	8/10/20
Submit levy correction to Los Angeles County	8/31/20
Submit diskette and report with applied levy summary to TVMWD	9/30/20

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 4, 2020, Information Item Only

MC/LC



Board of Directors Staff Report

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 1, 2020
Subject: **FY 19-20 Encumbrance Carryforward**

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

Staff Recommendation:

No Action Necessary – Informational Item Only

Discussion:

Listed below are projects that are expected to be incomplete as of June 30, 2020 and staff's estimate of funds remaining. Staff requests these funds are carried forward to FY 20-21 to allow for completion:

Land Acquisitions	\$	750,000
Building Modifications		306,919
Miramar Plant Alternative Disinfection		124,167
Filter Aid System Upgrades		30,000
MiraGrand Well		<u>2,765</u>
Total		<u>\$1,213,851</u>

This item will be brought back for consideration of adoption at the April 15, 2020 board meeting. A breakdown of the final ending balances for FY 19-20 will be provided when the annual CAFR is brought before the board for consideration (October 2020).

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