

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.



**BOARD OF DIRECTORS
REGULAR MEETING**

APRIL 5, 2023

8:00 AM

1021 E. Miramar Avenue | Claremont, California 91711-2052

909.621.5568 | www.threevalleys.com



THREE VALLEYS MUNICIPAL WATER DISTRICT REGULAR BOARD MEETING AGENDA

1021 E. Miramar Avenue, Claremont, CA 91711

April 5, 2023 – 8:00 AM

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

NOTICE OF VIDEOCONFERENCE/TELECONFERENCE ACCESSIBILITY

Three Valleys MWD will hold this meeting of its Board of Directors on the date and time, and at the location set forth above. The public may participate in the meeting by physical attendance at the meeting or by videoconference or teleconference utilizing the following links:

Link to join webinar: <https://tvmwd.zoom.us/j/84158421879>

OR

Dial in: (669) 900-9128, Webinar ID: 841 5842 1879

Any member of the public wishing to participate in public comment may do so in any of the following manners: (1) by using the “Raise Hand” feature on the Zoom platform and when prompted by the Board President during the public comment period, (2) by filling out the electronic speaker’s card at the following link <https://arcg.is/0z5GqO> prior to the close of public comment, (3) by sending an email to PublicComment@tvmwd.com prior to the close of public comment, or (4) those attending the meeting in person may complete a speaker’s card and provide it to the Executive Assistant prior to the close of public comment.

- | | |
|---|---------|
| 1. CALL TO ORDER | ROBERTO |
| 2. ROLL CALL | AGUIRRE |
| Jody Roberto, President
Mike Ti, Vice-President
Carlos Goytia, Secretary
Bob Kuhn, Treasurer
David De Jesus, Director
Jeff Hanlon, Director
Danielle Soto, Director | |
| 3. FLAG SALUTE | ROBERTO |
| 4. DIRECTOR REMOTE PARTICIPATION PURSUANT TO AB 2449 [Government Code Section 54953(f)] | ROBERTO |
| A. NOTIFICATION DUE TO JUST CAUSE | |
| B. REQUEST DUE TO EMERGENCY CIRCUMSTANCES | |

BOARD ACTION REQUIRED ITEM 4.B

Staff Recommendation: None

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

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

6. PUBLIC COMMENT (Government Code Section 54954.3) ROBERTO

Opportunity for members of the public to directly address the Board on items of public interest that is within the subject matter jurisdiction of TVMWD. The public may also address the Board on items being considered on this agenda.

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

7. PRESENTATION HOWIE

A. LEGISLATIVE UPDATE BY ARNOLD AND ASSOCIATES

8. ACTION AGENDA LITCHFIELD

The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the agenda so that the Board may discuss and take action on the item if the Board is so inclined.

A. RESCIND RESOLUTION NO. 22-04-928 IMPLEMENTING WATER SHORTAGE CONTINGENCY LEVEL 5 IN THE TVMWD SERVICE AREA LEE

The Board will consider rescinding Resolution No. 22-04-928 implementing water shortage contingency Level 5 in its State Water Project constrained areas.

BOARD ACTION REQUIRED 8.A

Staff Recommendation: Approve as Presented

B. MIRAGRAND WELL SITE LANDSCAPE PROJECT AWARD PANZER

The Board will consider awarding a construction contract for the MiraGrand Well site landscaping project.

BOARD ACTION REQUIRED 8.B

Staff Recommendation: Approve as Presented

9. GENERAL MANAGER'S REPORT LITCHFIELD
 The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.
- A. FY 2022/23 AUDIT OVERVIEW LITCHFIELD
 Mr. Ryan Domino from LSL CPA's will provide an oral presentation of the upcoming audit process for FY 2022/23.
- B. FY 2023/24 TVMWD BUDGET VERSION 3 DRAFT LITCHFIELD
 The Board will review the FY 2023/24 budget version 3 draft.
- C. RESOLUTION NO. 23-04-DRAFT ADOPTING WATER RATES AND CHARGES FOR CY 2024 LITCHFIELD
 The Board will review a draft resolution for CY 2024 water rates and charges.
- D. FY 2022/23 ENCUMBRANCE CARRYFORWARD LITCHFIELD
 The Board will review and consider rolling forward funds to the next fiscal year for projects that are not expected to be completed by June 30, 2023.
- E. REVIEW OF FY 2023/24 WATER STANDBY CHARGE COHN
 The Board will review the proposed schedule to initiate the FY 2023/24 water standby charge.
- F. SPHERES OF SUSTAINABILITY SUMMIT SPONSORSHIP GOYTIA
 The Board will discuss a sponsorship request for the Spheres of Sustainability Summit according to TVMWD's Outreach Program Policy.
- G. CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION – SENATE BILL 366 PUBLIC RELATIONS FUNDING LITCHFIELD
 The Board will be updated on a potential joint funding effort with the Puente Basin Water Agency for the "California Water For All" outreach efforts by CMUA in support of SB 366.
- H. ACWA 2023 BOARD OFFICERS' ELECTION – TERM 2024-25 LITCHFIELD
 The Board will discuss ACWA's Board Officer's election for President and Vice President, and the region board elections.
- I. REVIEW OF RESOLUTION TO OPPOSE INITIATIVE 21-0042A I HOWIE
 The Board will be briefed on the Taxpayer Protection and Government Accountability Act.

10. DIRECTORS'/GENERAL MANAGER'S ORAL REPORTS	ROBERTO
Directors may report on activities for meetings to which they are assigned to serve as the representative or alternate of TVMWD and on other areas of interest.	
A. METROPOLITAN WATER DISTRICT	DE JESUS
B. CHINO BASIN WATERMASTER	KUHN
C. MAIN SAN GABRIEL BASIN WATERMASTER	TI
D. SIX BASINS WATERMASTER	ROBERTO
E. SAN GABRIEL BASIN WATER QUALITY AUTHORITY	KUHN
F. ADDITIONAL BOARD MEMBER REPORTS/COMMENTS	ALL
G. GENERAL MANAGER'S COMMENTS	LITCHFIELD
11. CLOSED SESSION	ROBERTO
A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [Government Code Section 54956.9(d)(1)]	
Name of Case: Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino County Superior Court Case No. RCV RS 51010	
B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code Section 54957)	
Title: Matthew H. Litchfield, P.E., General Manager	
C. CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6)	
<ul style="list-style-type: none"> ▪ District Designated Representative: Steven M. Kennedy, General Counsel ▪ Unrepresented Employee: Matthew H. Litchfield, P.E., General Manager 	
12. FUTURE AGENDA ITEMS	ROBERTO
13. ADJOURNMENT AND NEXT MEETING	ROBERTO
The Board will adjourn to a regular Board Meeting on April 19, 2023 at 8:00 AM.	

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


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

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



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors

From: Matthew H. Litchfield, General Manager 

Date: April 5, 2023

Subject: **Rescind Resolution No. 22-04-928 Implementing Water Shortage Contingency Level 5 in the Three Valleys service area**

Funds Budgeted: \$

Fiscal Impact: \$

Staff Recommendation

The Board will consider rescinding Resolution No. 22-04-928 Implementing Water Shortage Contingency Level 5 in its State Water Project constrained areas.

Background

The nine atmospheric rivers of December 2022 and January 2023, resulting in historic snowfall and rain events sustained through March 2023 has resulted in the California Department of Water Resources' (DWR) announcement of State Water Project allocation of 75%. Metropolitan Water District of Southern California (Metropolitan) anticipates additional increases to the allocation when DWR's later studies begin to incorporate forecasted runoff from snowpack and updated San Joaquin River flow projections. As a result, on March 14, 2023, the Metropolitan Board of Directors approved to remove the Water Shortage Emergency Condition and the Emergency Water Conservation Program (EWCP) for the State Water Project Dependent Areas.

Discussion

Three consecutive years of extreme drought, along with low SWP allocations resulted in the Three Valleys Board of Directors' adoption of its Resolution No. 22-04-928 on April 20, 2022 establishing Water Shortage Contingency Level 5 for its State Water Project dependent areas, in particular the areas of City of La Verne and City of Claremont served by the Golden State Water Company. The Three Valleys Resolution paired with Metropolitan's Emergency Water Conservation Program resulted in one day per week watering requirement for the affected areas beginning June 1, 2022.

The current and forecasted improved conditions in the State Water Project provide adequate SWP supplies to meet the demands in the SWP dependent areas and therefore the emergency conditions no longer exist.

In contrast to the short-term improvement in supply from the SWP, the Colorado River watershed remains in a 23-year drought, the most serious in 1,200 years. On average, 25 percent of Southern California's water supply comes from the Colorado River. Though the most restrictive and mandatory conservation measures of the EWCP can now be lifted, the State of California still remains in a statewide drought emergency and must still seek demand response actions outlined in their Water Shortage Contingency Plans for a shortage level of up to 20 percent, to stay consistent with the Governor's call for action. As such, Three Valleys' Resolution No. 21-11-909 adopted on November 17, 2021 will still remain in effect with the service area under Water Shortage Contingency Level 2.

Environmental Impact

None

Strategic Plan Objective(s)

- 1.3 – Maintain diverse and environmentally responsible sources of water supplies and storage
- 1.5 – Prepare for long-term MWD shutdown or catastrophic event that affects operations
- 3.3 – Be accountable and transparent with major decisions

Attachment(s)

None


Meeting History

Board of Directors Meeting, April 20, 2022 – Resolution No. 22-04-928 Implementing Water Shortage Contingency Level 5 for State Water Project Dependent Areas, Action Item

NA/SL

**BOARD ACTION**

BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **MiraGrand Well Site Landscape Project Award**

Funds Budgeted: \$ \$300,000

Fiscal Impact: \$ 199,141.00

Staff Recommendation

It is recommended that the Board of Directors award the construction contract for the MiraGrand Well Site Landscaping Project to Southern California Landscape, Inc, in the amount of \$199,141.00.

Discussion

The MiraGrand Well Project [Project] is a new groundwater extraction well with a capacity to produce 800 acre-feet of water annually. The wellsite is located 1,500 feet West of the Miramar Treatment Plant in a residential area of Claremont. The Project was separated into (3) phases to procure more competitive bids by focusing on each phase's construction specialty. Both Phases 1 [Well Drilling] and 2 [Well Equipping] have been successfully completed. Phase 3 [Landscaping] is the final phase of the Project; It was designed to improve the wellsite's aesthetics, prevent surface erosion, retain storm water discharge onsite, and minimize the public presence of a wellhouse by utilizing California native plants that have a low water use. The intent is to complete the Landscaping Project prior to hotter weather conditions, to allow the plants to be established.

Solicitation for Landscape Project construction was published on February 23, 2023; eight bids were received through the PlanetBids Portal on March 23, 2023. Staff has reviewed the qualifications, pricing, and anticipated construction schedule to select the lowest responsive bidder. Southern California Landscape, Inc was determined to be the lowest responsive bidder with a total bid price of \$199,141.00. **Exhibit A** lists detailed information for all bids that were received.

Environmental Impact

The Project's environmental impact analysis was completed through an Initial Study/Mitigated Negative Declaration, with the Notice of Determination filed with the State Clearing House on February 24, 2020.

Strategic Plan Objective(s)

- 1.3 – Maintain diverse sources of reliable water supplies and storage
- 1.4 – Maintain reliable water infrastructure
- 2.1 – Maximize the most cost-effective water resources

Attachment(s)

- Exhibit A – MiraGrand Well Site Landscaping Bid Results
- Exhibit B – Miragrand Well Site Landscape Rendering

Meeting History

February 19, 2020, Adopt Resolution No. 20-02-867 to Approve Initial Study/Mitigated Negative Declaration and CEQA Documentation for the TVMWD Miragrand Groundwater Well, Project No. 58463, Action Item.

NA/KP

Miragrand Well Conceptual Rendering

Item 8.B - Exhibit B



View at Grand & Miramar Avenue

Miragrand Well Conceptual Rendering



View Looking North on Miramar Avenue

Miragrand Well Conceptual Rendering



View Looking West on Grand Avenue

Conceptual Rendering

Item 8.B - Exhibit B



Plan View

Conceptual Rendering

Item 8.B - Exhibit B



Aerial View Looking Northeast

Conceptual Rendering

Item 8.B - Exhibit B



Aerial View Looking Northwest



March 27, 2023

Via Email

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

We are engaged to audit the financial statements of the Three Valleys Municipal Water District (the District) for the year ended June 30, 2023. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

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

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

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

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



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

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

Planned Scope, Timing of the Audit, and Other

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

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

We expect to begin our audit in April 2023 and issue our report in October 2023. Ryan Domino, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Very truly yours,

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



March 29, 2023

Via Email

Matthew Litchfield
 General Manager
 Three Valleys Municipal Water District
 1021 E. Miramar Avenue
 Claremont, CA 91711
mlitchfield@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, 2023. We will audit the basic financial statements, of the District as of and for the fiscal year ended June 30, 2023. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the District’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

FINANCIAL STATEMENTS:

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

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

SINGLE AUDIT:

- 1) Schedule of expenditures of federal awards.



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

FINANCIAL STATEMENTS:

- 1) Introductory Section
- 2) Statistical Section

SINGLE AUDIT:

- 1) Corrective Action Plan (if applicable)

AUDIT OBJECTIVE

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

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

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

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



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

AUDIT PROCEDURES - GENERAL

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

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

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

AUDIT PROCEDURES—INTERNAL CONTROL

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



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

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

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

AUDIT PROCEDURES—COMPLIANCE

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

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

OTHER SERVICES

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

MANAGEMENT RESPONSIBILITIES

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



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

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

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

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

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



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

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

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

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

TIMING OF THE ENGAGEMENT

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



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

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

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

ENGAGEMENT ADMINISTRATION, FEES, AND OTHER

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

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 2019 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.



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

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

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

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

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

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

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

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

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



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

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

Record Retention and Ownership

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

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

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

Working Paper Access Requests by Regulators and Others

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

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

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



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Summons or Subpoenas

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

Very truly yours,

LANCE, SOLL & LUNGHARD, LLP

ACCEPTED:

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

Signature: _____

Title: General Manager

Date: 03/29/2023

MARK F WILLE
Certified Public Accountant
A PROFESSIONAL ACCOUNTANCY CORPORATION

Report on the Firm's System of Quality Control

January 17, 2020

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

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

Required Selections and Considerations

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



Opinion


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

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

Mark F Wille
A Professional Accountancy Corporation



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **FY 2023/2024 TVMWD Budget Version 3 Draft**

Funds Budgeted: \$

Fiscal Impact: \$

Staff Recommendation

No Action Necessary – Informational Item Only

Discussion

Attached is the Version 3 draft of the FY 2023/2024 budget. The only revision to this draft of the budget is inclusion of the FY 22-23 Encumbrance Carryforward. The second draft FY 2023/2024 budget was presented to the board on March 15th, and member agency managers on March 16th, for review and discussion. At these meetings, staff received no requests to incorporate any additional modifications.

Therefore, staff is presenting this Version 3 draft of the budget today for any additional discussion prior to submitting it to the board as the final budget at the next board meeting.

Summary

Based on this Version 3 draft of the budget, TVMWD will charge an \$8 per acre foot surcharge for calendar year 2024 and the foreseeable future.

This item will be brought back as the final budget for consideration of adoption at the April 19, 2023, board meeting.

Environmental Impact

None

Strategic Plan Objective(s)

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

Attachment(s)

Exhibit A – FY 2023/2024 Budget Version 3 Draft

Meeting History

Board of Directors Meeting, March 1, 2023, Informational Item


Board of Directors Meeting, March 15, 2023, Informational Item

NA/ML

FY 2023/24 TVMWD BUDGET VERSION 3										
	FY 2022/23 Budget	FY 2022/23 Projected	FY 2023/24 Budget	Pass Through Fund	Operating Fund	Capital Fund	FY 2024/25 Budget	FY 2025/26 Budget	FY 2026/27 Budget	FY 2027/28 Budget
REVENUES										
Water Sales	68,404,581	63,208,576	68,481,309		68,481,309		71,777,643	75,563,481	78,706,930	83,446,394
Standby Charge	4,800,755	4,862,768	5,459,852	5,459,852			6,064,596	6,604,688	7,168,358	7,788,509
Capacity Charge Assessment	1,604,680	1,604,680	1,507,470	1,507,470			1,534,705	1,457,709	1,386,000	1,299,518
Property Taxes	2,654,044	3,013,288	2,934,033			2,934,033	2,934,033	2,934,033	2,934,033	2,934,033
Fixed Charge Assessment	845,637	845,637	896,361		896,361		931,822	959,801	994,232	1,031,047
Hydroelectric Sales	230,000	64,518	200,000		200,000		200,000	200,000	200,000	200,000
Interest Income	83,374	(58,217)	105,604		105,604		105,604	105,604	105,604	105,604
Pumpback O&M	10,000	1,990	10,000	10,000			10,000	10,000	10,000	10,000
Grants and Other Revenue	5,517	15,212	5,705		5,705		5,848	5,994	6,144	6,297
TOTAL REVENUES	78,638,587	73,558,451	79,600,334	6,977,322	69,688,979	2,934,033	83,564,251	87,841,310	91,511,302	96,821,402
EXPENSES										
Water Purchases	60,768,527	57,212,989	60,179,085		60,179,085		63,415,061	66,752,878	69,608,451	74,143,944
MWD RTS Charge	4,800,755	4,819,020	5,459,852	5,459,852			6,064,596	6,604,688	7,168,358	7,788,509
Staff Compensation	5,167,273	5,507,713	5,496,236		5,496,236		5,640,608	5,839,394	6,047,855	6,259,504
MWD Capacity Charge	1,604,680	1,604,680	1,507,470	1,507,470			1,534,705	1,457,709	1,386,000	1,299,518
Operations and Maintenance	2,076,500	1,297,067	1,947,950		1,947,950		2,024,649	2,104,368	2,187,226	2,273,346
Capital Repair and Replacement	2,041,919	1,214,545	597,216			597,216	2,250,000	1,500,000	100,000	100,000
Capital Investment Program	1,412,123	1,427,123	2,525,000			2,525,000	670,000	450,000	2,120,000	2,870,000
Professional Services	625,176	609,660	669,126		669,126		695,472	722,856	751,317	780,900
Directors Compensation	273,680	271,644	285,389		285,389		286,256	287,131	288,015	288,908
Communication and Conservation Programs	170,700	145,357	200,700		200,700		208,602	216,816	225,353	234,226
Planning and Resources	275,000	81,237	425,000		425,000		275,000	285,828	297,082	308,780
Membership Dues and Fees	93,022	96,373	97,650		97,650		101,495	105,491	109,645	113,962
Hydroelectric Facilities	30,000	63,490	30,000		30,000		31,181	32,409	33,685	35,011
Pumpback O&M	10,000	2,782	10,000	10,000			10,000	10,000	10,000	10,000
Board Elections	-	-	-		-		-	-	-	-
Reserve Replenishment	90,000	90,000	390,000		390,000		390,000	390,000	390,000	390,000
Encumbrances from prior year		1,074,006	1,074,006			1,074,006	-	-	-	-
TOTAL EXPENSES	79,439,355	75,517,686	80,894,681	6,977,322	69,721,136	4,196,222	83,597,626	86,759,568	90,722,987	96,896,608
NET INCOME (LOSS) BEFORE TRANSFERS	(800,768)	(1,959,235)	(1,294,346)	-	(32,158)	(1,262,189)	(33,375)	1,081,742	788,314	(75,205)
TRANSFER FROM BOARD ELECTION RESERVES	-	-								
TRANSFER FROM/(TO) CAPITAL RESERVES	(1,029,043)	(1,029,043)	188,183			188,183	(14,033)	(984,033)	(714,033)	35,967
TRANSFER FROM/(TO) OPPORTUNITY RESERVES										
TRANSFER FROM/TO ENCUMBERED RESERVES	1,673,757	1,673,757	1,074,006		-	1,074,006				
NET INCOME (LOSS) AFTER TRANSFERS	(156,054)	(1,314,521)	(32,158)	-	(32,158)	-	(47,409)	97,709	74,281	(39,239)
	CY 2023		CY 2024				CY 2025	CY 2026	CY 2027	CY 2028
MWD RATE	\$ 1,209		\$ 1,256				1,353	1,447	1,537	1,621
TVMWD SURCHARGE	\$ -		\$ 8				8	8	8	8
TVMWD RATE	\$ 1,209		\$ 1,264				\$ 1,361	\$ 1,455	\$ 1,545	\$ 1,629
ANNUAL FIXED CHARGE	\$ 871,956		\$ 942,878				\$ 942,878	\$ 976,724	\$ 1,011,741	\$ 1,050,353



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **Resolution No. 23-04-Draft Adopting Water Rates and Charges for CY 2024**

Funds Budgeted: \$

Fiscal Impact: \$

Staff Recommendation

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, 2024. Based on the assumptions for TVMWD FY 2023-24 Budget Version 3, TVMWD will apply a surcharge of \$8 per AF to treated water delivered during calendar year 2024.

TVMWD will apply a \$0 surcharge to all untreated water delivered during calendar year 2024. 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 2024. This item will be brought back for consideration of adoption on April 19, 2023.

Environmental Impact

None

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. 23-04-DRAFT Water Rates and Charges for Calendar Year 2024

Exhibit B – Capacity Charge 2024

Exhibit C – Fixed Charges 2024

Meeting History

None

NA/JL

RESOLUTION NO. 23-04-DRAFT

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

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

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

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

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

D. TVMWD has approved the Fiscal Year (FY) Budget for 2023-2024 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

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, 2024, 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 2024 are as follows:

<i>Member Agency</i>	<i>CY 2024 Tier 1 Allocation</i>
Boy Scouts	36
Cal Poly	269
Covina	1,568
Glendora	4,101
JWL	31,066
La Verne	8,026
Mt. SAC	699
RWD	4,879
GSWC - Claremont	5,576
GSWC - San Dimas	10,138
VHWC	464
Suburban	1,961
WVWD	11,905
Tier-1 Acre Foot Allotment	80,688

Item 9.C - 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, 2024, treated water from TVMWD will be sold at \$1,264 per acre foot for Tier 1 and \$1,463 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 2024 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 2024 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, 2024, the untreated rates from TVMWD will be \$903 per acre foot for Tier 1 and \$1,102 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, 2024. TVMWD's Capacity Charge basis will be 138.3 based on TVMWD's peak connected capacity during the last three completed fiscal years. The Charge will either increase or decrease only if a new 24-hour peak demand is established during the period of May-September of any year. Subsequently, a revised Charge would become effective on January 1 of the following year. A monthly allocation Charge will apply to each Member Agency based on their specific non-coincidental peak during the period of 2020 to 2022, as follows:

Agency	3 Year High Peak	Per CFS Charge 2024	2024 CFS Basis	2024 Monthly Charge	2024 Annual Charge
Boy Scouts	0.5	\$11,200	0.4	\$349	\$4,184
Cal Poly	0.9	\$11,200	0.7	\$628	\$7,531
Covina	5.0	\$11,200	3.7	\$3,487	\$41,841
Covina Irrigating Co.	21.0	\$11,200	15.7	\$14,644	\$175,733
Glendora	17.5	\$11,200	13.1	\$12,204	\$146,444
La Verne	17.2	\$11,200	12.9	\$12,026	\$144,306
Mt. SAC	1.3	\$11,200	1.0	\$907	\$10,879
PWR-JWL	35.2	\$11,200	26.3	\$24,547	\$294,562
RWD	8.1	\$11,200	6.1	\$5,649	\$67,783
GSWC – Claremont	20.7	\$11,200	15.4	\$14,404	\$172,850
GSWC - San Dimas	17.0	\$11,200	12.7	\$11,855	\$142,260
WVWD	40.7	\$11,200	30.4	\$28,382	\$340,587
Capacity Charge Totals:	185.1		138.3	\$129,080	\$1,548,960

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 2023-24 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 2024 Fixed Cost Allocation revenue of \$920,766 shall be obtained through three component allocations in equal amounts. Each allocated cost component will generate revenue of \$306,922. 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 2020-21 for the total use of all Member Agencies will be calculated. The Member Agency's percentage of the total three-year average water use shall be one-third (1/3) of the required Cost Allocation revenue. The Historical Use Charge shall be collected on a monthly basis.
- 5. Hydroelectric Rate.** TVMWD also operates a hydroelectric facility at the Miramar plant. On an as available basis, the hydro provides power to the facilities through a separate meter. The actual power delivered through the Miramar hydro is received at the water treatment plant. The rate that TVMWD will charge for hydroelectric power will be equal to the melded aggregate average of the rate paid to Edison on the regular monthly bill.
- 6. Definitions.** The definition and application of the foregoing classes and conditions of service shall be the same as those established, interpreted, and amended from time to time by MWD through its Administrative Code, and such other rules, regulations, policies, ordinances, or resolutions that have been or may be adopted by the MWD Board of Directors, which are by this reference incorporated herein and adopted by the TVMWD as though set forth herein in their entirety.
- A. Acre-foot.** The volume of water contained in one-acre area one foot deep. Approximately 435.6 ccf or 325,851 gallons.
- B. CCF.** The volume of water contained in one hundred cubic feet. Approximately 748 gallons.
- C. CFS.** A flow rate of one cubic foot of water per second. Approximately 448.8 gallons per minute.
- D. Groundwater Replenishment.** Water used for direct spreading by a Member Agency to meet the legal requirements of groundwater basin adjudication.

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

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

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

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

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

ADOPTED and PASSED at a meeting of the Three Valleys Municipal Water District’s Board of Directors held on this 19TH day of April 2023 by the following vote:

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

Jody Roberto
President

ATTEST:

Carlos Goytia
Secretary

SEAL:

MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2024

DRAFT

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.4	\$ 4,184.12	\$ 348.68	0.27%
Cal Poly	0.7	\$ 7,531.41	\$ 627.62	0.49%
Covina	3.7	\$ 41,841.17	\$ 3,486.76	2.70%
Covina Irrigating Company	15.7	\$ 175,732.90	\$ 14,644.41	11.35%
Glendora	13.1	\$ 146,444.08	\$ 12,203.67	9.45%
Joint Water Line (JWL)	26.3	\$ 294,561.82	\$ 24,546.82	19.02%
La Verne	12.9	\$ 144,306.00	\$ 12,025.50	9.32%
Mt. Sac	1.0	\$ 10,878.70	\$ 906.56	0.70%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	6.1	\$ 67,782.69	\$ 5,648.56	4.38%
GSWC (Claremont)	15.4	\$ 172,850.04	\$ 14,404.17	11.16%
GSWC (San Dimas)	12.7	\$ 142,259.97	\$ 11,855.00	9.18%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	30.4	\$ 340,587.10	\$ 28,382.26	21.99%
TOTAL	138.3	1,548,960	\$ 129,080	100.00%

Notes:

1. The MWD Capacity Charge is paid by each member agency based on TVMWD's allocation of the specific non-coincidental peak calculation over a three year period 2020, 2021, and 2022.
2. The MWD Capacity Charge basis of 138.3 cfs at \$11200 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

DRAFT**TVMWD FIXED CHARGES SUMMARY**

Item 9.C - Exhibit C

EFFECTIVE JANUARY 2024


AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	20.2	\$ 96.93	0.03%	1.5	\$ 1,129.77	0.37%	255.6	\$ 306.92	0.10%	\$ 1,533.63
Cal Poly	101.1	\$ 484.17	0.16%	2.0	\$ 1,506.37	0.49%	2,556.2	\$ 3,069.22	1.00%	\$ 5,059.75
Covina	58.2	\$ 278.65	0.09%	20.0	\$ 15,063.65	4.91%	5,199.9	\$ 6,243.60	2.03%	\$ 21,585.90
Covina Irrigating Company	8,209.7	\$ 39,329.13	12.81%	20.0	\$ 15,063.65	4.91%	0.0	\$ -	0.00%	\$ 54,392.78
Glendora	779.3	\$ 3,733.31	1.22%	40.0	\$ 30,127.30	9.82%	28,153.0	\$ 33,803.46	11.01%	\$ 67,664.07
Joint Water Line (JWL)	18,703.5	\$ 89,600.94	29.19%	121.0	\$ 91,135.09	29.69%	0.0	\$ -	0.00%	\$ 180,736.03
La Verne	5,920.4	\$ 28,362.23	9.24%	15.0	\$ 11,297.74	3.68%	20,932.0	\$ 25,133.21	8.19%	\$ 64,793.18
Mt. Sac	419.7	\$ 2,010.45	0.66%	5.0	\$ 3,765.91	1.23%	2,556.2	\$ 3,069.22	1.00%	\$ 8,845.58
Pomona	0.1	\$ 0.69	0.00%	20.0	\$ 15,063.65	4.91%	45,054.5	\$ 54,097.29	17.63%	\$ 69,161.62
Rowland Water District	3,595.0	\$ 17,222.16	5.61%	30.0	\$ 22,595.48	7.36%	23,929.5	\$ 28,732.34	9.36%	\$ 68,549.98
GSWC (Claremont)	5,033.7	\$ 24,114.16	7.86%	15.0	\$ 11,297.74	3.68%	27,950.5	\$ 33,560.38	10.93%	\$ 68,972.28
GSWC (San Dimas)	8,402.6	\$ 40,253.47	13.12%	35.0	\$ 26,361.39	8.59%	32,980.0	\$ 39,599.34	12.90%	\$ 106,214.21
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	16,978.0	\$ 20,385.62	6.64%	\$ 20,385.62
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 3,012.73	0.98%	1,605.7	\$ 1,927.92	0.63%	\$ 4,940.65
Walnut Valley Water District	12,824.2	\$ 61,435.62	20.02%	79.0	\$ 59,501.42	19.39%	47,466.5	\$ 56,993.39	18.57%	\$ 177,930.43
TOTAL	64,067.7	\$ 306,922	100%	407.5	\$ 306,922	100%	255,618	\$ 306,922	100%	\$ 920,766

Notes:

1. The Imported Water Use Charge is based on average import water deliveries in the 2019/20, 2020/21 & 2021/22 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 5, 2023
Subject: **FY 22-23 Encumbrance Carryforward**

Funds Budgeted: \$ **Fiscal Impact:** \$

Staff Recommendation

No Action Necessary – Informational Item Only

Discussion

Listed below is staff's best estimate of funds that will remain on projects that are likely to be incomplete as of June 30, 2023. Staff therefore requests these funds are carried forward to FY 23-24 to allow for completion:

Roof/Shade Upgrades	\$485,200
Emergency Electrical Upgrades	211,260
Miramar Transmission Line Leak Detection	153,130
TOC Analyzer Replacement	75,000
Accounting Software Replacement	53,531
Office Lighting Efficiency Upgrades	50,000
GIS Services	35,565
Main Switch Gear Upgrades	10,320
Total	1,074,006

This item will be brought back for consideration of adoption at the April 19, 2023 board meeting. A final breakdown of all projects will be provided when the Annual Comprehensive Financial Report is brought before the board for consideration (October 2023).

Environmental Impact

None

Strategic Plan Objective(s)

1.4 – Maintain reliable water infrastructure

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/ML



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **FY 2023/2024 Water Standby Charge**

Funds Budgeted: \$

Fiscal Impact: \$

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 adopted the RTS charges for CY 2023 and CY 2024 stating each MWD member agency's portion last year at its board meeting on April 12, 2022. TVMWD's portion of the MWD RTS charge for FY 2023/2024 increased from \$6.6 million to \$7.2 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 \$5.3 million (plus \$71,000+ for other charges of the engineering report, county admin fees, public hearing notices and legal costs) via a water standby charge imposed based on equivalent dwelling units (EDU) within TVMWD's service area. The proposed standby charge for FY 2023/2024 for a typical residential homeowner will increase from \$24.18 to \$28.44 per EDU. This increase includes a correction of \$0.94 per EDU as described below.

TVMWD recently received a taxpayer inquiry on the assessment charge of their parcel. Our consultant, Harris and Associates, researched the inquiry and determined that the data from the LA County Assessor for commercial/industrial condos (i.e. non-residential condos) lot size acreage was inaccurate. This caused Harris & Associates to incorrectly calculate and overstate

the equivalent dwelling unit (EDU) and assessment. Staff requested Harris & Associates to identify all parcels that were affected. A total of 466 commercial/industrial condo parcels were identified. The result is a decrease to TVMWD's total number of EDU's from 198,576 to 191,946, and an increase in our RTS charge per EDU from \$27.50 (as presented in the budget workshop) to \$28.44. The corrections for these parcels have been made in Harris & Associates' database and will be submitted to the LA County Assessor.

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 19, 2023.

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

Task	Date
Harris & Associates to prepare a draft copy of the Engineer's Report and electronically submit to TVMWD	3/30/23
Harris & Associates to electronically submit the Engineer's Report to TVMWD for the Resolution of Intention Board Meeting	4/5/23
Resolution of Intention Board Meeting	4/19/23
TVMWD to publish Joint Public Meeting/Public Hearing Notice:	First notice Second notice Third notice
	4/26/23 5/3/23 5/10/23
Public Meeting to consider Resolution to Adopt Standby Charge	6/7/23
TVMWD to publish Public Hearing Notice:	First notice Second notice
	6/7/23 6/14/23
Harris & Associates to electronically submit the final Engineer's Report to TVMWD for the Public Hearing	6/14/23
Public Hearing to consider Resolution to Adopt Standby Charge	6/21/23
Submit assessments to Los Angeles County	8/10/23
Submit levy correction to Los Angeles County	8/31/23
Submit diskette and report with applied levy summary to TVMWD	9/30/23

Environmental Impact

None

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 Directors Meeting, March 1, 2023, Informational Item Only

Board of Directors Meeting March 15, 2023, Informational Item Only

NA/JL



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **Spheres of Sustainability Summit Sponsorship**

Funds Budgeted: \$

Fiscal Impact: \$

Recommendation

No Action Necessary – Informational Item Only

Discussion

Director Goytia has requested a sponsorship for the Spheres of Sustainability Summit (Summit) being hosted by the Hispanic Coalition of Small Businesses (HCSB) taking place on April 27, 2023 at the DoubleTree by Hilton in Pomona. Director Goytia is a panelist with other water agency representatives that addresses sustainability-related issues for the near- and long-term future. In addition, Summit attendees will have the opportunity to connect with local small businesses and community members looking for contract opportunities and employment to support sustainability related efforts, and make connections with various sustainability-related organizations that support diverse-owned businesses and workforce.

A copy of the Summit sponsorship letter and sponsorship opportunities is attached as **Exhibits A and B**. According to the *Outreach Program Policy*, any sponsorship requests by Directors of more than \$1,000 shall be brought to the full board for input and approval, and the event must align with the TVMWD Strategic Plan and provide a direct nexus to water.

Environmental Impact

None

Strategic Plan Objective(s)

3.3 – Be accountable and transparent with major decisions

Attachment(s)

Exhibit A – Letter from Mr. Frank Montes, Chair of the Hispanic Coalition of Small Businesses

Exhibit B – HCSB Summit Sponsorship Letter & Sponsorship Opportunities

Meeting History

None

NA/ML



March 28, 2023

Matthew Litchfield
General Manager, Three Valleys Municipal Water District
1021 E. Miramar Avenue
Claremont, CA 91711

Subject: You're Invited to Support Our Small, Diverse-Owned Business Community at the *Spheres of Sustainability Summit™* on April 27, 2023

Dear Mr. Litchfield:

The Hispanic Coalition of Small Businesses (HCSB) is honored to have **Director Carlos Goytia from Three Valleys Municipal Water District, Division 1, as one of our distinguished panelists** at the upcoming HCSB *Spheres of Sustainability Summit™*. This event is being hosted by the HCSB and is taking place on **Thursday, April 27, at The DoubleTree by Hilton in Pomona, from 10:00am – 2:00pm PT, followed by a networking session until 5:00 pm.**

HCSB has invited 150 to 200 small, diverse-owned businesses, corporations, and community leaders from across the Greater Inland Empire to gather for the *Spheres of Sustainability Summit™*, and we invite you to join our supporters in sponsoring this event.

Listed below are three reasons why you should consider attending and supporting the HCSB *Spheres of Sustainability Summit™*.

1. Hear from other corporate leaders on how they are addressing sustainability-related issues for the near- and long-term future.
 - Adan Ortega Jr., Chairman, Metropolitan Water District of Southern California
 - Gracie Torres, Director, Western Municipal Water District
 - Marco Tule, President, Inland Empire Utilities Agency
 - Lisa Arellanes, eMobility Senior Manager, Southern California Edison
 - Michael Herrera, Regional Director, McCarthy Building Companies, Inc.
 - **Carlos Goytia, Board Director, Three Valleys Municipal Water District, Division 1**



2. Connect with local small, diverse-owned businesses and community members who are respectively looking for contract opportunities and employment to support sustainability related efforts.
3. Make connections with various sustainability-related champions, advocates, and other organizations that support our local small, diverse-owned businesses community and workforce.

We respectfully ask that Three Valley Municipal Water District consider a Platinum Corporate Sponsor at \$4,500 which includes the benefits outlined below.

- 1 Table with prominent seating for up to 10 guests
- Access to VIP Reception
- Exhibitor Table (includes (1) table and (1) 6' table)
- Platinum Sponsor Listing

To register and learn more about this summit, including how to sponsor and be an exhibitor at this event, click <https://www.hcsb-us.org/>

We look forward to your support and attendance!

Thank you!

A handwritten signature in blue ink, appearing to read 'Frank Montes', is written over a light blue rectangular background.

Frank Montes
Chair
Hispanic Coalition of Small Businesses

Attachment

From: Frank Montes <frankmipc@gmail.com>

Date: March 27, 2023 at 7:09:29 PM PDT

To: Carlos Goytia <cgoytia@tvmwd.com>

Subject: You're Invited to Support Our Small, Diverse-Owned Business Community at the Spheres of Sustainability Summit™ on April 27, 2023



March 28, 2023

Mr. Carlos Goytia

Board Director, Three Valleys Municipal Water District, Division 1

1021 E. Miramar Avenue

Claremont, CA 91711

Subject: You're Invited to Support Our Small, Diverse-Owned Business Community at the *Spheres of Sustainability Summit™* on April 27, 2023

Dear Director Goytia:

On Thursday, April 27, 2023, small, diverse-owned businesses, corporations, and community leaders from across the greater Inland Empire will gather for the *Spheres of Sustainability Summit™*, and we invite you to consider joining us. This event is being hosted by the Hispanic Coalition of Small Businesses (HCSB) and is taking place on Thursday, April 27, at The DoubleTree by Hilton in Pomona, from 10:00am – 2:00pm PT.

Listed below are three reasons why you should consider attending and supporting the HCSB *Spheres of Sustainability Summit™*.

1. Hear from other corporate leaders on how they are addressing sustainability-related issues for the near- and long-term future.
 - Adan Ortega Jr., Chairman, Metropolitan Water District of Southern California
 - Gracie Torres, Director, Western Municipal Water District
 - Marco Tule, President, Inland Empire Utilities Agency
 - Lisa Arellanes, eMobility Senior Manager, Southern California Edison
 - Michael Herrera, Regional Director, McCarthy Building Companies, Inc.
 - Carlos Goytia, Board Director, Three Valleys Municipal Water District, Division 1

2. Connect with local small, diverse-owned businesses and community members who are respectively looking for contract opportunities and employment to support sustainability related efforts.

3. Make connections with various sustainability-related champions, advocates, and other organizations that support our local small, diverse-owned businesses community and workforce.

Attached for your consideration are sponsorship levels and the benefits associated with each level. To register and learn more about this summit, including how to sponsor and be an exhibitor at this event, click <https://www.hcsb-us.org/>

We look forward to your support and attendance!

Thank you!



Frank Montes
Chair
Hispanic Coalition of Small Businesses

Attachment

Sincerely,

Frank Montes

Co-Owner of Inland Body & Paint Center

Chairman | Hispanic Coalition of Small Businesses (HCSB)

Board Member | Farmworker Justice

Board Member | High Desert Hispanic Chamber of Commerce

Board Member | California Small Business Association

California Hispanic Chambers of Commerce - Past Chairman
National Association of State Latino Chambers of Commerce - Past Vice-Chairman
Greater Riverside Hispanic Chamber of Commerce - *Past Chair*
Hispanic Foundation of the Greater Riverside Chamber of Commerce - *Past Chairman*
National Latino Peace Officers Association - San Bernardino - Riverside - *Past Business Liaison-Co Chair PAC*
Fire & Burn Foundation - *Past Advisory Board*
Southern California Edison - *Small Business Advisory Panel*



Spheres of Sustainability Summit™

Thursday, April 27, 2023

10:00 am - 2:00 pm

Double Tree by Hilton
3101 W. Temple Ave
Pomona, CA 91768



Hispanic Leaders Address Sustainability Issues & Local Employment and Small/Diverse Owned Business Opportunities



Adan Ortega Jr.
Chairman
The Metropolitan Water District of Southern California



Gracie Torres
Director
Western Municipal Water District



Marco Tule
President
Inland Empire Utilities Agency



Michael Herrera
Regional Director of Community Outreach and Supplier Diversity
McCarthy Building Companies, Inc.

Sponsorship Opportunities

951-426-4272
info@hcsb-us.org
www.hcsb.us.org





Spheres of Sustainability Summit™

Sponsorship Levels

VIP Corporate Sponsor - \$5,000 (1 available)

- 1 table with prominent seating for up to 10 guests
- 2-minute speaking opportunity
- Official Sponsor of 'Networking' session
- VIP & Networking Sponsor Listing
- Exhibitor Table (includes {1} table and {1} 6' table)
- Access to VIP Reception

Platinum Corporate Sponsor - \$4,500 (2 available)

- 1 table with prominent seating for up to 10 guests
- Access to VIP Reception
- Exhibitor Table (includes {1} table and {1} 6' table)
- Platinum Sponsor Listing

Diamond Corporate Sponsor - \$4,000 (2 available)

- 1 table with prominent seating for up to 10 guests
- Access to VIP Reception
- Exhibitor Table (includes {1} table and {1} 6' table)
- Diamond Sponsor Listing

Gold Corporate Sponsor - \$3,500 (2 available)

- 1 table with regular seating for up to 10 guests
- Exhibitor Table (includes {1} table and {1} 6' table)
- Gold Sponsor Listing


Silver Corporate Sponsor - \$3,000 (4 available)

- Seating for up to 5 guests
- Exhibitor Table (includes {1} table and {1} 6' table)
- Silver Sponsor Listing





BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **California Municipal Utilities Association – SB 366 Public Relations Funding**

Funds Budgeted: \$ 20,000

Fiscal Impact: \$ 10,000

Staff Recommendation

No Action Necessary – Informational Item Only

Discussion

TVMWD joined the Solve the Water Crisis Coalition (STWC) in the Spring of 2022 as a result of the long-term drought and consistent lack of investment by the State in developing additional water supplies. In the past year, STWC has been successful in educating the public and policy makers in elevating the urgency for action, led by the STWC of water general managers statewide. The STWC is supported by water districts, cities, counties, housing associations, chambers of commerce, business groups, and agriculture interests from up and down the State.

As a result of this year-long effort, Senate Bill 366 (SB 366) has been introduced by Senator Caballero (CA Senate District No. 14). Aligned with this legislative effort, the STWC has developed a new public relations (PR) program to fully support this legislation led by the California Municipal Utilities Association (CMUA). In brief, the SB 366 legislation, if signed into law, will transform California water management practices from managing for scarcity, to managing toward water supply targets. The CMUA led PR program is titled *Ca Water for All*. The proposed legislation offers bold, generational planning and investments in California's water supply, is long overdue, and funding the PR program promotes the mission of TVMWD and its strategic priorities.

Exhibit A contains a more-detailed description of the *Ca Water for All* PR program description which will run in parallel with the STWC education efforts. The estimated budget for the PR program is included in the attachment. Since the March 1, 2023 board meeting, Mr. Erik Hitchman, Puente Basin Water Agency (PBWA), approached TVMWD and suggested a 50-50 split between PBWA and TVMWD to fund the PR program. Thus, TVMWD and PBWA would contribute

\$10,000 each to CMUA to assist in the PR program. Staff will bring this item back to the Board for action on April 19th if the board provides that direction.

Environmental Impact

None

Strategic Plan Objective(s)

1.1 – Secure water supplies that exceed the estimated annual demands

1.2 – Maintain diverse sources of reliable water supplies and storage

1.5 – Be prepared for catastrophic events

2.1 – Maximize the most cost-effective water resources

3.3 – Be accountable and transparent with major decisions

Attachment(s)

Exhibit A – CMUA/STWC Letter and CA Water for All Legislative PR Support Effort

Exhibit B – Draft SB 366 Language

Meeting History

Board of Directors Meeting, March 1, 2023, Informational Item

NA/ML



SOLVE THE WATER CRISIS
ACT NOW TO SECURE CALIFORNIA'S FUTURE.

February 1, 2023

Dear Solve the Water Crisis supporters,

Thank you for your participation in Solve the Water Crisis Coalition, which has been a valuable and productive education effort that has significantly elevated the urgency of the water supply crisis with California policymakers. Over a short time, Solve the Water Crisis gained vital support from more than 80 organizations statewide, including water agencies, agriculture interests, statewide business groups, local chambers of commerce, cities and counties, housing associations, and others. This would not have been possible without your continued support and engagement.

With our ongoing success in educating policymakers, the media, and stakeholders about California's water supply crisis, the impacts, consequences of inaction, and potential solutions, we now must move toward the next phase in our results-focused strategy. The water community must reinforce urgency for a legislative solution.

Aligned with a legislative effort this year designed to advance water supply solutions, we have developed a new public relations (PR) program to fully support water management legislation led by the California Municipal Utilities Association (CMUA). It's named: **CA Water for All**.

This PR effort is necessary to pass major water community legislation in California. The goals of this legislation, authored by Senator Caballero, include:

- Transforming California water management by working toward bold water supply targets rather than managing scarcity.
- Modernizing the California Water Plan for a 21st-century climate.
- Ensuring accountability for state agencies regarding water management issues.

CA Water for All is designed to generate broad-based, statewide engagement from water agencies and stakeholder organizations to support water community legislation. This campaign will run parallel with Solve the Water Crisis' continued education strategy but will be a separate effort focused on supporting the legislation.

The **CA Water for All** campaign will build upon the success of Solve the Water Crisis, which provided a basis for gaining widespread support for comprehensive, necessary, and fundamental changes in California's water system.

Getting legislation across the finish line will take all of us working together. To make this happen, we ask for your financial support of CA Water for All. Options include:

- Become a funder for the CA Water for All effort. See the attached document for more information on the program goals, strategy, tactics, and funding.
- Join the effort as a coalition supporter.

Attached is a program overview of CA Water for All. Additionally, in the coming weeks, we will release detailed information on CA Water for All including a website, materials, a weekly newsletter, and much more.

Thank you again for your ongoing support, and we look forward to working with you on CA Water for All.

If you are interested in funding CA Water for All, please reach out to Danielle Blacet-Hyden, Deputy Executive Director at CMUA: dblacet@cmua.org.

If you have general questions about the CA Water for All legislative PR support campaign, please reach out to Jenny Dudikoff at jdudikoff@ka-pow.com.

Sincerely,

Craig Miller

General Manager and Solve the Water Crisis Board Member
Western Municipal Water District

Barry Moline

Executive Director
California Municipal Utilities Association (CMUA)





To ensure a successful path to a legislative win for the water community in 2023, it is critical to have a public relations (PR) program designed to support the legislation and to run parallel with the advocacy strategy. A sustained, well organized, and established effort that can hit the ground running in the beginning of 2023 alongside a legislative proposal is key to an effective and comprehensive effort in 2023.

The drought and water supply shortage have received overwhelming coverage over the last 18 months, and the education efforts have provided a basis for gaining widespread support for comprehensive, necessary, and fundamental changes in California’s water system through a legislative solution.

Goals of PR Campaign

KP will work with CMUA and Steering Committee members to ensure the goals of the legislative support PR effort align with the public policy objectives of water community legislation. Initial identified goals include:

- Near term:
 - Educate State decisionmakers about the impacts of the water supply shortage, its consequences, and necessary solutions.
 - Establish broad, statewide support for a solution by bringing together diverse stakeholders and influencers.
- Throughout the legislative session:
 - Build support for a comprehensive legislative solution that will transform the water system for the next generation of Californians.
 - Encourage the Governor and the legislative leadership to address long-term water supply needs of the state, in collaboration with water agencies and the water community.

Goals of Legislation

The legislation will be designed to transform California water management so that instead of managing for scarcity, the State will work toward water supply targets to ensure water for all.

Main goals:

- Establish bold water supply targets,
- modernize the California Water Plan for a 21st century climate, and
- ensure accountability for state agencies on water management issues.

Organization and Structure

Under the leadership of CMUA, create a coalition of water agencies, wastewater service providers and other stakeholders to support legislative efforts that make comprehensive changes to California's water policy intended to establish specific goals for the State over the next decade and beyond.

Role of the Steering Committee

- Create a Steering Committee of seven members who will advise CMUA on the PR effort.
- The Steering Committee will have input on legislative strategy, but final decisions will be made by CMUA.
- The Steering Committee will meet on a bi-weekly basis.

Role of Coalition Membership

The Coalition will be kept informed about legislative and PR developments by CMUA and will meet on a monthly basis to discuss progress and coordination of lobbying and PR efforts.

Role of KP

- KP will serve as the lead consultant for the legislative PR support program.
- KP will work with CMUA and the Steering Committee to ensure day-to-day execution of the program.

Funding

- CMUA members will provide funding for the effort through the organization's funding process.
- CMUA may also receive contributions from non-members supporting the PR effort.
- Organizations (water agencies and others) who would like to participate at the funding level will be asked to make a one-time \$20,000 contribution to CMUA.

Strategy

The PR effort will focus on implementing key strategies to achieve the most effective and efficient legislative support in 2023, including:

- Overall Strategy
 - Continue to define the current water supply problem and communicate the future water needs of the state, demonstrate the inability of the state to meet those needs because of climate change and system limitations, and clearly articulate the water supply goals the state must accept to achieve the supply levels that will serve residential, business, agricultural, and environmental uses.

- Specific Strategies
 - Engage stakeholders and Sacramento influencers to demand that action be taken – demonstrate the existing problem in legislative districts, making the case for a legislative solution, emphasizing that all parties need to work together to transform the existing water supply system.
 - Leverage the environmental and water expert studies, reports, etc. that detail the long-term impact of climate change on CA water resources.
 - Elevate the narrative and legislative proposal around a comprehensive, long-term policy solution that can benefit the entire state including residents, businesses, agriculture, environment, all industries and sectors, communities, CA’s economy, and future generations.
 - Through historical and current evidence, demonstrate to policymakers the need for new and bold policy solutions to address the current problem, ultimately generating enough support to get a proposal passed.
 - Make the issue relevant to specific regions of the state, focusing on targeted legislative districts.

Target Audience

This effort will not be focused directly on the public, but will instead prioritize influential audiences that will have the greatest impact on California policymakers, including:

- Policymakers
 - Select members on key committees including water and budget
 - Legislative leadership
 - Water champions
- Governor Newsom and relevant state agencies.
- Local community stakeholders working with participating water agencies to push educational information through their platforms.

Preliminary Message Themes

It is important that the tone of messaging strikes a balance between painting a clear picture of a severe problem in need of a bold legislative solution, including an assertive, but not aggressive tone. Messaging may need to be refined once we have final language from the legislative proposal.

Initial messaging themes may include (we will work with CMUA and PR program leadership to fine tune messaging):

- *Legislative solution*: Benefits of long-term, comprehensive water community legislation to the entire state.
- *Impacts*: Water supply impacts include ag, environment, economic, local communities, housing, business, energy, increased costs, cuts, and conservation, etc.
- *Investments in infrastructure*: Water supply infrastructure is overdue for significant investments and updates to ensure a reliable water supply to 40 million Californians.
- *Climate change*: The Governor and the Administration are leading the effort to adapt to a hotter, dryer climate that the current system was not designed to accommodate. This effort will

support the Governor's climate adaptation program and engage the public in support of a comprehensive solution.

- *Time to act is now*: Continuing without a legislative solution will negatively impact jobs, industries, businesses, quality of life, health, California's economy, and future generations.
- *Governor's water strategy*: What we need, what we have, and how a legislative solution can provide additional needed elements to supplement the Governor's plan.

Program Elements and Tactics

In all program elements and tactics, it will be critical that we **explain the legislative solution**, reinforcing why it's important to the state, residents, businesses, environment, local communities, and the economic health of California today and into the future.

Program elements will include:

- *Policymaker Engagement*: Target key legislators in districts based on committee makeup.
- *Coalition Building*: Build broad, statewide support for legislation including all sectors including but not limited to water, ag, business, housing, labor, manufacturing, local chambers of commerce, builders, recreation, social justice, tourism, municipalities, and environmental.
- *Partner with water and other associations*: Connect the water supply problems with the benefit the association members will receive from a comprehensive legislative solution.
- *Media Engagement*: Use media as a channel to get to our primary audience, continue elevating the issue, impacts, consequences of inaction, and benefits of legislative solution.
- *Digital*: Use digital and social as supplemental and reinforcing elements to the rest of the program.
- *Research*: Use a fiscal expert to dig into costs to get to where the State needs to be.
- *Collateral*: We can repurpose some collateral prepared by other coalition efforts where appropriate, describing impacts from the education effort but will need to be more focused on the benefits of the proposed solution and the tangible deliverables/outcomes of what the proposal will do for the state.
- *Video*: Use short soundbites to create compelling video content that further articulates impacts and need for a legislative solution; will be disseminated to policymakers, media, and third-party allies.
- *Events*: Hold kickoff event once legislation is introduced; in-district events of targeted members leveraging local conditions and impacts as hooks.

Key Considerations

- *Coordination with water agencies/board members*: It will be imperative that we work with water agencies/board members to ensure they have the needed resources, tools, and content to conduct local stakeholder engagement, securing support for legislation.
- *Opposition*: We must proactively plan for and strategically combat anticipated opposition.
- *Timing*: Use the legislative and budget process to build momentum, aligning activities with the legislative calendar.
- *Opportunistic events*: Take advantage of water shortage announcements, news stories, and other organic opportunities to further articulate the impacts and need for a legislative solution.

Tracking and Measurement

- Monthly Activity Reports
- Membership in coalition and support for the legislation
- Media coverage/op-eds
- Digital ad campaign metrics

Tentative Timeline

This program is built around the legislative process, including the months of February through September. A tentative timeline will include the following (we will work with CMUA to ensure timeline aligns with legislative milestones):

- **Confirm support for PR legislative support effort** – January 15
- **Establish leadership of legislative support effort** – January 15
- **Begin formal PR legislative support effort fundraising efforts from water agencies** – February 1
- **Hold press conference/policymaker briefing around bill introduction** – mid-March
- **Implement targeted efforts in key policy committee legislative districts** – March 30 – April 10 (Apr. 10 Legislature reconvenes from Spring recess)
- **Engage media, coalition, and grassroots efforts focused on policy committee vote** – Apr. 28 Last Day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house
- **Publicize the cost of doing nothing for communities, business, state programs, and CA economy to demonstrate that the fiscal impact will be more detrimental under the status quo** – May 19 Last Day for fiscal committees to hear and report to the Floor bills introduced in their house
- **Focus on floor vote** – June 2 Last Day for each house to pass bills introduced in that house
- **Support lobbying effort to gain support of policy committee in second house** – July 14 Last Day for policy committees to meet and report bills
- **Use legislative recess to build momentum** – Aug. 14 Legislature reconvenes from Summer Recess
- **Concentrate public affairs efforts on targeted legislators necessary to secure votes** – Sept. 14 Last Day for each house to pass bills. Interim Study Recess begins at the end of this day’s session

Budget

Budget Item	Cost
KP management fees (\$27,000 @ 8 months)	\$216,000
CMUA administrative fee (\$5,000 @ 8 months)	\$40,000
Digital (\$10,000 @ 8 months)	\$80,000
Fiscal expert (study)	\$30,000
Academic (study)	\$30,000
Partnerships	\$15,000
Collateral	\$6,000
Video	\$7,000
Travel, production, administrative	\$7,000
TOTAL	\$431,000

AMENDED IN SENATE MARCH 22, 2023

SENATE BILL

No. 366

Introduced by Senator Caballero
(Coauthor: Assembly Member Blanca Rubio)

February 8, 2023

An act to amend Section 10004.6 of, to repeal Sections 10004.5 and 10013 of, and to repeal and add Sections 10004 and 10005 of, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 366, as amended, Caballero. The California Water Plan: long-term supply targets.

Existing law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as the California Water Plan. Existing law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. *Existing law requires the department to establish an advisory committee to assist the department in updating the plan.*

~~This bill would make legislative findings and declarations and state the intent of the Legislature to enact future legislation that modernizes the California Water Plan, including the establishment of long-term water supply targets.~~

This bill would require the department to instead establish a stakeholder advisory committee, to expand the membership of the

committee to include tribes and environmental justice interests, to prohibit a member of the committee from serving longer than the development of 2 updates, and to require the committee to meet a minimum of 4 times annually. The bill would require the department, in coordination with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state's water needs and meeting specified water supply targets established by the bill for purposes of "The California Water Plan." The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all beneficial uses. The bill would require the plan to include specified components, including an economic analysis and a long-term financing plan. The bill would require the department to develop the long-term financing plan, as provided, to meet the water supply targets and include the final financing plan as part of each update. The bill would require the Director of Water Resources to provide an oral and written report to the Legislature, each year by May 1, regarding the progress made toward meeting the water supply targets, as specified. The bill would also require the department to conduct public workshops to give interested parties an opportunity to comment on the plan and to post the preliminary draft of the plan on the department's internet website. The bill would include findings and declarations relating to water supply and climate change.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (a) *To thrive as a state, California needs a reliable supply of*
- 4 *water for urban, agricultural, and environmental uses that is*
- 5 *resilient to climate change.*
- 6 (b) *California's existing water usage is highly reliant on*
- 7 *capturing the snow melt on an annual basis. That water is stored*
- 8 *in lakes, reservoirs, and groundwater basins and is then*
- 9 *transported around the state for environmental, residential,*
- 10 *business, and agricultural use when needed.*

1 (c) California has the most intricate and elaborate system of
2 water conveyance in the world.

3 (d) Dependent on the extent of drought or flood conditions, the
4 Department of Water Resources has calculated that the volume of
5 water used by people in California for agricultural, urban, and
6 environmental purposes ranges from 60,000,000 acre-feet per
7 year to 90,000,000 acre-feet per year.

8 (e) Per capita water use has declined over time, thanks to a
9 conservation ethic encouraged by water agencies and other
10 stakeholders, water-saving indoor plumbing fixtures and
11 appliances, better leak detection, and efforts to reduce outdoor
12 water use.

13 (f) Water use also has significantly declined in the agricultural
14 sector thanks to proactive steps taken by irrigation districts and
15 farmers, such as installing drip irrigation systems.

16 (g) California is experiencing significant impacts of a changing
17 climate on our water supply systems.

18 (h) According to the Department of Water Resources, hotter
19 and drier weather is estimated to diminish our existing water
20 supply even further and likely by 10 percent.

21 (i) A 10-percent loss could mean the disappearance of about
22 6,000,000 acre-feet to 9,000,000 acre-feet of water supply.

23 (j) Many rivers, lakes, and estuaries are being impacted by
24 declining water quality, including increases in harmful algal
25 blooms.

26 (k) The California central valley has a groundwater overdraft
27 of 2,000,000 to 3,000,000 acre-feet of water.

28 (l) Following more than two decades of “megadrought” in the
29 Colorado Basin, reservoir levels are so low that supply cuts are
30 likely.

31 (m) California’s precipitation is changing from seasonal snow
32 in the Sierra to periods of substantial rainfall, including from
33 atmospheric rivers.

34 (n) The shift to drier dry years and wetter wet years makes it
35 imperative that the state of California develop comprehensive wet
36 year strategies that take full advantage of times of abundance,
37 while also ensuring public safety from floods.

38 (o) It is imperative that California capture more water from
39 atmospheric rivers and other storms that occur during dry years
40 to help fill groundwater basins and surface storage.

1 (p) California is the nation's agricultural powerhouse,
2 accounting for 12 percent of agricultural production in 2021,
3 including more than 70 percent of the nation's fruits and nuts.

4 (q) The agricultural sector produces annual revenues of more
5 than \$50 billion, employs more than 420,000 people, and supports
6 large food and beverage processing industries.

7 (r) According to the Department of Water Resources, there is
8 the potential for more than 13,000,000 acre-feet of groundwater
9 recharge annually with more than 2,5000,000 acre-feet being
10 possible using existing infrastructure.

11 (s) The Department of Water Resources describes a statewide
12 capacity in groundwater basins in the range of 1,000,000,000
13 acre-feet or approximately 20 times the total surface water storage
14 capacity statewide.

15 (t) California is the home to cutting-edge job-creating industries,
16 such as those in Silicon Valley and southern California's biotech
17 industry.

18 (u) Local and regional water suppliers are at the forefront of
19 implementing projects to build resiliency, but need additional
20 support from the state and federal governments through funding
21 and regulatory frameworks that are adapted for the new climate
22 reality.

23 (v) It is essential for our economy, environment, and well-being
24 that California increases the resilience of the state's water supplies.

25 (w) Governor Gavin Newsom released "California's Water
26 Supply Strategy: Adapting to a Hotter, Drier Future" in August
27 2022 that began to outline strategies for increasing California's
28 water supply and streamlining approvals, but California must
29 make a historic change in the state's comprehensive water plan
30 and how water is provided for environmental, residential, business,
31 and agricultural uses.

32 *SEC. 2. Section 10004 of the Water Code is repealed.*

33 ~~10004. (a) The plan for the orderly and coordinated control,
34 protection, conservation, development, and utilization of the water
35 resources of the state which is set forth and described in Bulletin
36 No. 1 of the State Water Resources Board entitled "Water
37 Resources of California," Bulletin No. 2 of the State Water
38 Resources Board entitled, "Water Utilization and Requirements
39 of California," and Bulletin No. 3 of the department entitled, "The
40 California Water Plan," with any necessary amendments,~~

1 supplements, and additions to the plan, shall be known as “The
2 California Water Plan.”

3 ~~(b) (1) The department shall update The California Water Plan~~
4 ~~on or before December 31, 2003, and every five years thereafter.~~
5 ~~The department shall report the amendments, supplements, and~~
6 ~~additions included in the updates of The California Water Plan,~~
7 ~~together with a summary of the department’s conclusions and~~
8 ~~recommendations, to the Legislature in the session in which the~~
9 ~~updated plan is issued.~~

10 ~~(2) The department shall establish an advisory committee,~~
11 ~~comprised of representatives of agricultural and urban water~~
12 ~~suppliers, local government, business, production agriculture, and~~
13 ~~environmental interests, and other interested parties, to assist the~~
14 ~~department in the updating of The California Water Plan. The~~
15 ~~department shall consult with the advisory committee in carrying~~
16 ~~out this section. The department shall provide written notice of~~
17 ~~meetings of the advisory committee to any interested person or~~
18 ~~entity that request the notice. The meetings shall be open to the~~
19 ~~public.~~

20 ~~(3) The department shall release a preliminary draft of The~~
21 ~~California Water Plan, as updated, upon request, to interested~~
22 ~~persons and entities throughout the state for their review and~~
23 ~~comments. The department shall provide these persons and entities~~
24 ~~an opportunity to present written or oral comments on the~~
25 ~~preliminary draft. The department shall consider these comments~~
26 ~~in the preparation of the final publication of The California Water~~
27 ~~Plan, as updated.~~

28 *SEC. 3. Section 10004 is added to the Water Code, to read:*

29 *10004. (a) The department, in coordination with the California*
30 *Water Commission, the board, other state and federal agencies*
31 *as appropriate, and the stakeholder advisory committee outlined*
32 *in subparagraph (A) of paragraph (3) of subdivision (f) shall*
33 *develop a comprehensive plan for addressing the state’s water*
34 *needs and meeting the water supply targets in subdivision (c),*
35 *which shall be known as “The California Water Plan.” The plan*
36 *shall provide recommendations and strategies to ensure enough*
37 *water supply for all beneficial uses.*

38 *(b) It is hereby declared that the people of the state have a*
39 *primary interest in the orderly and coordinated control, protection,*
40 *conservation, development, and utilization of the water resources*

1 of the state by all individuals and entities and that it is the policy
2 of the state that The California Water Plan, with any necessary
3 amendments, supplements, and additions to the plan, is accepted
4 as the master plan that guides the orderly and coordinated control,
5 protection, conservation, development, management, and efficient
6 utilization of the water resources of the state.

7 (c) The department shall include in the plan a water supply
8 planning target of 15,000,000 acre-feet of water by 2050 with an
9 interim target of 10,000,000 acre-feet of water by 2040 to ensure
10 water supply reliability for California's future economic and
11 environmental sustainability. The target shall include new and
12 expanded supplies, including from the strategies listed in
13 subparagraph (A) of paragraph (1) of subdivision (d).

14 (d) In addition to the water supply planning targets in
15 subdivision (c), each update of the plan shall include the following
16 components:

17 (1) (A) A discussion of various strategies, including, but not
18 limited to, those relating to the development of new surface and
19 groundwater storage facilities, water conservation, water
20 recycling, desalination, conjunctive use, improved regional and
21 statewide conveyance, stormwater capture, and water transfers
22 that may be pursued in order to meet the water supply targets in
23 subdivision (c). The department shall include in the plan a
24 discussion of the potential advantages and disadvantages of each
25 strategy, how to maximize the strategy for long-term sustainability,
26 how innovation and research can spur the implementation of each
27 strategy, and an identification of all federal and state permits,
28 approvals, or entitlements that may be required in order to
29 implement the various components of the strategy.

30 (B) In consultation with the advisory committee outlined in
31 subparagraph (A) of paragraph (3) of subdivision (f), the
32 department shall develop and make recommendations for specific
33 actions that shall be taken to streamline those permits and
34 approvals.

35 (C) In carrying out this chapter, a public water system,
36 irrigation district, or wastewater service provider shall not be
37 required to implement a specific strategy or project.

38 (2) A study to support the water supply targets and to
39 recommend programs, policies, and facilities to achieve those

1 *targets with assumptions and estimates as outlined in Section*
2 *10004.6.*

3 *(3) An economic analysis of the costs and impacts to the state*
4 *if it has inadequate water supplies to meet current demand for all*
5 *sectors of the economy and environment in the next 10-, 20-, and*
6 *30-year scenarios. The analysis shall include a range of water*
7 *supply shortfall projections and water supply shortage scenarios*
8 *for urban and agricultural water suppliers using water suppliers'*
9 *existing planning documents, such as water shortage contingency*
10 *plans, urban water management plans, and agricultural water*
11 *management plans. The analysis also shall include the impacts of*
12 *possible rationing for various agricultural, industrial, commercial,*
13 *and residential customer classes.*

14 *(4) A report on the development of regional and local water*
15 *projects within each hydrologic region of the state to improve*
16 *water supplies to meet municipal, agricultural, and environmental*
17 *water needs and meet the water supply targets.*

18 *(5) A long-term financing plan as outlined in Section 10005.*

19 *(e) The declaration set forth in subdivision (b) does not*
20 *constitute approval for the construction of specific projects or*
21 *routes for transfer of water, or for financial assistance, by the state*
22 *without further legislative action, nor shall the declaration be*
23 *construed as a prohibition of the development of the water*
24 *resources of the state by any entity.*

25 *(f) (1) The department shall update The California Water Plan*
26 *on or before December 31, 2028, and every five years thereafter.*
27 *The department shall report the amendments, supplements, and*
28 *additions included in the updates of The California Water Plan,*
29 *together with a summary of the department's conclusions and*
30 *recommendations, to the Legislature, in compliance with Section*
31 *9795 of the Government Code, in the session in which the updated*
32 *plan is issued.*

33 *(2) The director shall provide an oral and written report to the*
34 *Legislature, in accordance with Section 9795 of the Government*
35 *Code, each year by May 1, regarding the progress made toward*
36 *meeting the water supply targets in an informational hearing of*
37 *the relevant committees. The report shall include the list of*
38 *recommended actions that require legislative intervention and*
39 *those that can be implemented by the department or other state*

1 agencies. The written report shall be posted on the department's
2 internet website.

3 (3) (A) The department, in consultation with the California
4 Water Commission, shall establish a stakeholder advisory
5 committee, comprised of representatives of agricultural and urban
6 water suppliers, local government, business, production
7 agriculture, tribes, environmental justice and environmental
8 interests, and other interested parties, to provide substantive
9 input to assist the department in updating The California Water
10 Plan, including the financing plan outlined in Section 10005. The
11 department shall consult with and consider recommendations from
12 the advisory committee in carrying out this section. The department
13 shall accept applications for the stakeholder advisory committee
14 before each update and ensure a balanced representation of
15 members. A member of the advisory committee shall not serve for
16 longer than the development of two updates. The advisory
17 committee shall meet a minimum of four times annually. The
18 department shall provide written notice of meetings of the advisory
19 committee to any interested person or entity that requests the
20 notice. The meetings shall be open to the public.

21 (B) The department also shall seek out and consider all relevant
22 information from retail and wholesale water agencies, agriculture,
23 business, tribes, environmental and environmental justice
24 communities, and any other communities potentially impacted by
25 the plan and from researchers and experts on climate science,
26 climate science solutions, water storage, water conveyance, and
27 environmental protection.

28 (4) In preparing any update of The California Water Plan, the
29 department shall conduct a series of public workshops to give
30 interested parties an opportunity to comment on the plan. The
31 department shall conduct a portion of these workshops in regions
32 of the state that have been impacted the most by drought and other
33 weather extremes, including, but not limited to, communities with
34 minority populations, communities with low-income populations,
35 or both.

36 (5) The department shall release a preliminary draft of The
37 California Water Plan, as updated, upon request, to interested
38 persons and entities throughout the state for their review and
39 comments. The department shall provide these persons and entities
40 an opportunity to present written or oral comments on the

1 preliminary draft. The department also shall post the preliminary
2 draft on the department's internet website. The department shall
3 consider these comments in the preparation of the final publication
4 of The California Water Plan, as updated.

5 SEC. 4. Section 10004.5 of the Water Code is repealed.

6 ~~10004.5. As part of the requirement of the department to update~~
7 ~~The California Water Plan pursuant to subdivision (b) of Section~~
8 ~~10004, the department shall include in the plan a discussion of~~
9 ~~various strategies, including, but not limited to, those relating to~~
10 ~~the development of new water storage facilities, water conservation,~~
11 ~~water recycling, desalination, conjunctive use, and water transfers~~
12 ~~that may be pursued in order to meet the future water needs of the~~
13 ~~state. The department shall also include a discussion of the potential~~
14 ~~for alternative water pricing policies to change current and~~
15 ~~projected uses. The department shall include in the plan a~~
16 ~~discussion of the potential advantages and disadvantages of each~~
17 ~~strategy and an identification of all federal and state permits,~~
18 ~~approvals, or entitlements that are anticipated to be required in~~
19 ~~order to implement the various components of the strategy.~~

20 SEC. 5. Section 10004.6 of the Water Code is amended to read:

21 ~~10004.6. (a) As part of updating The California Water Plan~~
22 ~~every five years pursuant to subdivision (b) of Section 10004, the~~
23 ~~department shall conduct a study to determine the amount of water~~
24 ~~needed to meet the state's future needs and to recommend~~
25 ~~programs, policies, and facilities to meet those needs.~~

26 ~~(b) The department shall consult with the advisory committee~~
27 ~~established pursuant to subdivision (b) of Section 10004 in carrying~~
28 ~~out this section.~~

29 ~~(c)~~

30 ~~10004.6. (a) On or before January 1, 2002, and one year prior~~
31 ~~to before issuing each successive update to The California Water~~
32 ~~Plan, the department shall release a preliminary draft of the~~
33 ~~assumptions and other estimates upon which the study will be~~
34 ~~based, to interested persons and entities throughout the state for~~
35 ~~their review and comments. The department shall provide these~~
36 ~~persons and entities an opportunity to present written or oral~~
37 ~~comments on the preliminary draft. The department shall consider~~
38 ~~these documents when adopting the final assumptions and estimates~~
39 ~~for the study. For the purpose of carrying out this subdivision, the~~

1 department shall release, at a minimum, assumptions and other
2 estimates relating to all of the following:

3 (1) Basin hydrology, including annual rainfall, estimated
4 unimpaired streamflow, depletions, and consumptive uses.

5 (2) Groundwater supplies, including estimates of sustainable
6 yield, supplies necessary to recover overdraft basins, and supplies
7 lost due to pollution and other groundwater contaminants.

8 (3) Current and projected land use patterns, including the mix
9 of residential, commercial, industrial, agricultural, and undeveloped
10 lands.

11 (4) Environmental water needs, including regulatory instream
12 flow requirements, nonregulated instream uses, and water needs
13 by wetlands, preserves, refuges, and other managed and unmanaged
14 natural resource lands.

15 (5) Current and projected population.

16 (6) Current and projected water use for all of the following:

17 (A) Interior uses in a single-family dwelling.

18 (B) Exterior uses in a single-family dwelling.

19 (C) All uses in a multifamily dwelling.

20 (D) Commercial uses.

21 (E) Industrial uses.

22 (F) Parks and open spaces.

23 (G) Agricultural water diversion and use.

24 (7) Evapotranspiration rates for major crop types, including
25 estimates of evaporative losses by irrigation practice and the extent
26 to which evaporation reduces transpiration.

27 (8) Current and projected adoption of urban and agricultural
28 conservation practices.

29 (9) Current and projected supplies of water provided by water
30 recycling and reuse.

31 ~~(d) The department shall include a discussion of the potential~~
32 ~~for alternative water pricing policies to change current and~~
33 ~~projected water uses identified pursuant to paragraph (6) of~~
34 ~~subdivision (e).~~

35 *(10) Climate change impacts by region.*

36 ~~(e) Nothing in this section requires or prohibits~~

37 *(b) This section does not require or prohibit the department*
38 *from updating any data necessary to update The California Water*
39 *Plan pursuant to subdivision (b) (f) of Section 10004.*

40 *SEC. 6. Section 10005 of the Water Code is repealed.*

1 ~~10005. (a) It is hereby declared that the people of the state~~
2 ~~have a primary interest in the orderly and coordinated control,~~
3 ~~protection, conservation, development, and utilization of the water~~
4 ~~resources of the state by all individuals and entities and that it is~~
5 ~~the policy of the state that The California Water Plan, with any~~
6 ~~necessary amendments, supplements, and additions to the plan, is~~
7 ~~accepted as the master plan which guides the orderly and~~
8 ~~coordinated control, protection, conservation, development,~~
9 ~~management and efficient utilization of the water resources of the~~
10 ~~state.~~

11 ~~(b) The declaration set forth in subdivision (a) does not~~
12 ~~constitute approval for the construction of specific projects or~~
13 ~~routes for transfer of water, or for financial assistance, by the state,~~
14 ~~without further legislative action, nor shall the declaration be~~
15 ~~construed as a prohibition of the development of the water~~
16 ~~resources of the state by any entity.~~

17 *SEC. 7. Section 10005 is added to the Water Code, to read:*

18 *10005. (a) The department shall develop a long-term financing*
19 *plan to meet the water supply targets and include the final*
20 *financing plan as part of each update.*

21 *(b) The financing plan shall do all of the following:*

22 *(1) Analyze a variety of financing mechanisms, including use*
23 *of general fund moneys, general obligation bond fund moneys,*
24 *and other potential sources of financing to meet the water supply*
25 *targets in The California Water Plan and provide necessary*
26 *investments to ensure a water resilient state.*

27 *(2) Consider the cost-effectiveness of various water supply*
28 *options and compare those costs to the economic costs of supply*
29 *shortages on various customer classes and the California economy.*

30 *(3) Recommend actions to be taken by the department, the board,*
31 *or other state agencies to streamline access to funding for projects*
32 *in all areas of the state that will help achieve the water supply*
33 *targets, including a coordinated application process across state*
34 *agencies, expedited funding guidelines, and an annual report*
35 *listing projects funded by state agencies with the resulting acre-feet*
36 *produced.*

37 *(c) The California Water Commission shall conduct a series of*
38 *public workshops to give interested parties an opportunity to*
39 *comment on the financing plan. The commission shall conduct a*
40 *portion of these workshops in regions of the state that have been*

1 impacted the most by drought or other weather extremes, including,
2 but not limited to, communities with minority populations,
3 communities with low-income populations, or both.

4 (d) The financing plan shall recognize that public water systems,
5 irrigation districts, and wastewater service providers utilize
6 different rate structures and avoid mandates for revising those
7 rates or a specific level of investment from public water systems,
8 irrigation districts, or wastewater service providers.

9 SEC. 8. Section 10013 of the Water Code is repealed.

10 10013. ~~The department, as a part of the preparation of the~~
11 ~~department's Bulletin 160-03, shall include in the California Water~~
12 ~~Plan a report on the development of regional and local water~~
13 ~~projects within each hydrologic region of the state, as described~~
14 ~~in the department's Bulletin 160-98, to improve water supplies to~~
15 ~~meet municipal, agricultural, and environmental water needs and~~
16 ~~minimize the need to import water from other hydrologic regions.~~
17 ~~The report shall include, but is not limited to, regional and local~~
18 ~~water projects that use technologies for desalting brackish~~
19 ~~groundwater and ocean water, reclaiming water for use within the~~
20 ~~community generating the water to be reclaimed, the construction~~
21 ~~of improved potable water treatment facilities so that water from~~
22 ~~sources determined to be unsuitable can be used, and the~~
23 ~~construction of dual water systems and brine lines, particularly in~~
24 ~~connection with new developments and when replacing water~~
25 ~~pipng in developed or redeveloped areas.~~

26 SECTION 1. ~~The Legislature finds and declares all of the~~
27 ~~following:~~

28 (a) ~~To thrive as a state, California needs a reliable supply of~~
29 ~~water for urban, agricultural, and environmental uses that is~~
30 ~~completely resilient to climate change.~~

31 (b) ~~California's existing water level is highly reliant on capturing~~
32 ~~the snow melt on an annual basis. That captured water is stored in~~
33 ~~lakes, reservoirs, and groundwater basins, and is then transported~~
34 ~~around the state for environmental, residential, business, and~~
35 ~~agricultural use when needed.~~

36 (c) ~~California has the most intricate and elaborate system of~~
37 ~~water conveyance in the world.~~

38 (d) ~~The volume of water used by people in California for~~
39 ~~agriculture, urban, and environmental purposes ranges from~~
40 ~~60,000,000 to 90,000,000 acre-feet per year.~~

1 ~~(e) Per-capita water use has declined over time, thanks to~~
2 ~~water-saving indoor plumbing fixtures and appliances, better leak~~
3 ~~detection, development of potable and nonpotable water reuse~~
4 ~~projects, and efforts to reduce outdoor water use.~~

5 ~~(f) Over the last two years, scientists and water managers have~~
6 ~~been alarmed by the accelerating impacts of the warming climate~~
7 ~~on our water supply.~~

8 ~~(g) Hotter and drier weather is estimated to diminish our existing~~
9 ~~water supply by 10 percent to 20 percent.~~

10 ~~(h) A loss of 10 percent of our existing water supply due to~~
11 ~~hotter and drier conditions could mean the disappearance of about~~
12 ~~6,000,000 to 9,000,000 acre-feet of water.~~

13 ~~(i) For comparison's sake, California's largest reservoir, the~~
14 ~~Shasta Reservoir, holds 4,500,000 acre-feet of water.~~

15 ~~(j) Many rivers, lakes, and estuaries are being impacted by~~
16 ~~declining water quality, including increases in harmful algae~~
17 ~~blooms.~~

18 ~~(k) The California central valley has a groundwater overdraft~~
19 ~~of 2,000,000 to 3,000,000 acre-feet of water.~~

20 ~~(l) Following more than two decades of "megadrought" in the~~
21 ~~Colorado River Basin, reservoir levels are so low that near-term~~
22 ~~supply cuts are likely.~~

23 ~~(m) California's precipitation is changing from seasonal snow~~
24 ~~in the Sierra Nevada Mountains to periods of substantial rainfall,~~
25 ~~including atmospheric rivers.~~

26 ~~(n) The shift to drier dry years and wetter wet years makes it~~
27 ~~imperative that the State of California develop comprehensive~~
28 ~~wet-year strategies that take full advantage of times of abundance,~~
29 ~~while also ensuring public safety from floods.~~

30 ~~(o) It is imperative that California capture more water from~~
31 ~~atmospheric rivers and other storms that occur during dry years to~~
32 ~~help fill groundwater basins and surface storage.~~

33 ~~(p) California is the nation's agricultural powerhouse, accounting~~
34 ~~for 12 percent of the nation's agricultural production in 2021,~~
35 ~~including more than 70 percent of the nation's fruits and nuts.~~

36 ~~(q) The agriculture sector produces annual revenues of more~~
37 ~~than \$50 billion, employs more than 420,000 people, and supports~~
38 ~~large food and beverage processing industries.~~

39 ~~(r) According to the Department of Water Resources, there is~~
40 ~~the potential for more than 13,000,000 acre-feet of groundwater~~

1 recharge annually, with more than 2,500,000 acre-feet being
2 possible using existing infrastructure.

3 (s) The Department of Water Resources describes a statewide
4 capacity in groundwater basins in the range of 1,000,000,000
5 acre-feet or approximately 20 times the total surface water storage
6 capacity statewide.

7 (t) California is home to cutting-edge, job-creating industries
8 such as those in Silicon Valley and southern California's
9 biotechnology industry.


10 (u) It is essential for our economy, environment, and well-being
11 that California increases the resilience of the state's water supplies.

12 (v) California must make a historic change in how water is
13 provided for environmental, residential, business, and agricultural
14 uses.

15 SEC. 2. It is the intent of the Legislature to enact future
16 legislation that modernizes the California Water Plan, including
17 the establishment of long-term water supply targets.



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **ACWA 2023 Board Officers' Election**

Funds Budgeted: \$

Fiscal Impact: \$

Staff Recommendation

No Action Necessary – Informational Item Only

Discussion

ACWA has launched two separate, but concurrent election processes for the 2024-25 term: the Board officers' election for President and Vice President, and the region board elections. Candidates for ACWA President and Vice President must be an elected or appointed director of an ACWA member agency. In order to become a candidate, an agency resolution, statement of qualifications or resume, and abbreviated statement must be submitted by June 16, 2023. Resolutions of support from other agencies and a headshot may also be submitted by the deadline.

Each of ACWA's ten regions has a Board of Directors comprised of five to seven members who serve two-year terms. Region elections will determine the boards of each region, including the region Chair, Vice Chair and three to five board members. An agency resolution and candidate nomination form must be submitted by June 16, 2023. A short biography and headshot may also be submitted by the deadline.

The Authorized Voting Representative form from each agency must be submitted to ACWA by June 16. ACWA will distribute ballots on July 17, and must be returned by September 15. Elected Board Officers President and Vice President, and Region Boards will be announced on September 27, 2023. A resolution will be brought back to the April 19, 2023 board meeting for consideration of adoption, if a Director is nominated and selected to continue in the process for either election.

Environmental Impact

None

Strategic Plan Objective(s)

3.3 – Be accountable and transparent with major decisions

Attachment(s)

Exhibit A – ACWA 2023 Board Officers' Election Memorandum

Exhibit B – ACWA Sample Nominating Resolution

Exhibit C – ACWA Region Map

Meeting History

None

NA/ML

From: David Eggerton <Dave.Eggerton@acwa.com>
Sent: Wednesday, March 15, 2023 12:30 PM
To: Donna Pangborn <DonnaP@acwa.com>
Subject: ACWA 2023 BOARD OFFICERS' ELECTION - Authorized Voting Representative Form
Importance: High

MEMORANDUM

TO: ACWA Member Agency Leadership
(sent via email)

CC: ACWA Board of Directors

FROM: ACWA Executive Director

DATE: March 15, 2023

SUBJECT: ACWA 2023 BOARD OFFICERS' ELECTION – Authorized Voting Representative Form

ACWA has launched two separate but concurrent election processes for the 2024-'25 term: the Board officers' election for President and Vice President and the region board elections. **This memo provides a summary of the Board officers' election process, including key dates and changes being implemented this year.**

The biggest change to the election process is that voting will no longer take place during conference. Instead, voting will take place electronically July 17 - Sept. 15. Ballots will be distributed July 17 and include all qualified candidates, in addition to the Election Committee's preferred candidates. All candidates will also be listed on the ACWA website and invited to participate in a town hall style webinar in which members can ask the candidates questions.

Each member agency in good standing may vote in the election for President and Vice President. **Member agencies must designate the agency's one voting representative by submitting an Authorized Voting Representative Form to donnap@acwa.com by June 16. The form is available [online](#).**

ACWA will be using a web-based online voting system called Simply Voting, which will independently tabulate the votes and provide verified results in a timely manner while keeping individual votes confidential. Designating your agency's voting representative is an important step to ensure the ballot is sent to the correct person.

Important Officers Election Dates

- Call for candidates begins: **Monday, April 17**
- Deadline to submit Authorized Voting Representative Forms: **Friday, June 16**
- Deadline to submit candidate nominations: **Friday, June 16**

Item 9.H - Exhibit A

- Election begins: **Monday, July 17**
 - Authorized voting representatives who are voting electronically will receive an email from Simply Voting with a link to the ballot for President and Vice President.
 - Authorized voting representatives who have requested a paper ballot will be sent a ballot by first class mail to their member agency's address.
- Deadline to submit ballots: **Friday, September 15**
- Announcement of ACWA President and Vice President for 2024-'25 term: **September 27**
- Introduction of ACWA President and Vice President at fall conference: **November 29**

For more details about the election process, please visit www.acwa.com/elections. Additional questions can be directed to ACWA Senior Clerk of the Board Donna Pangborn at 916-669-2425 or donnap@acwa.com.

Dave Eggerton

Executive Director

Association of California Water Agencies

916.441.4545 | DaveE@acwa.com | www.acwa.com





Sample Resolution to Nominate Candidate for ACWA President or Vice President

RESOLUTION OF THE BOARD OF DIRECTORS OF

TO NOMINATE AND SUPPORT

AS A CANDIDATE FOR THE POSITION OF ACWA _____

WHEREAS, the Election Committee has announced a call for nominations of candidates for the election of President and Vice President of the Association for the 2024-'25 term; and

WHEREAS, the Election Committee will present an open ballot with all qualifying candidates to the members for a vote by written ballot; and

WHEREAS, the individual who fills an officer position will need to have a working knowledge of water industry issues and concerns, possess strength of character and leadership capabilities, and be experienced in matters related to the performance of the duties of the office; and

WHEREAS, this person must be able to provide the dedication of time and energy to effectively serve in this capacity; and

WHEREAS, _____ has served in a leadership role as a member of the _____ Board of Directors since _____; and

WHEREAS, (list positions held to demonstrate knowledge of water and leadership)

WHEREAS, it is the opinion of the _____ Board of Directors that _____ possesses all of the qualities needed to fulfill the duties of the office of ACWA _____.

NOW, THEREFORE, BE IT RESOLVED, that the _____ Board of Directors does hereby nominate and support _____ as a candidate for the office of ACWA _____, pledging the District's support of his/her endeavors in fulfilling the duties of this office if elected.

PASSED AND ADOPTED by the _____ Board of Directors at a regular meeting of said Board held on the _____ day of _____, 2023, by the following vote:

Ayes: Directors

Noes: Directors

Absent: Directors

REGION MAP



REGIONS
1, 3, 5

Jennifer Rotz
Regional Affairs Representative II
jenniferr@acwa.com

REGIONS
2, 6, 7

Michael Cervantes
Senior Regional Affairs Representative
michaelc@acwa.com

REGION
4


Ana Javaid
Region & Member Engagement
Specialist II
anaj@acwa.com

REGIONS
8, 9, 10

Sarah Hodge
Regional Affairs Representative I
sarahh@acwa.com



BOARD OF DIRECTORS STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 5, 2023
Subject: **Review of Resolution to Oppose Initiative 21-0042A1**

Funds Budgeted: \$

Fiscal Impact: \$

Staff Recommendation

No Action Necessary – Informational Item Only

Discussion

The purported “Taxpayer Protection and Government Accountability Act,” a statewide initiative measure to amend the California Constitution sponsored by the *California Business Roundtable* (“CBRT”), is the most consequential proposal to limit the ability of the state and local governments to enact, modify, or expand taxes, assessments, fees, and property-related charges since the passage of Proposition 218 (1996) and Proposition 26 (2010). If enacted, public agencies would face a drastic rise in litigation that could severely restrict their ability to meet essential services and infrastructure needs.

On February 1, 2023, California Secretary of State Shirley Weber issued a memo to all county clerks/registerars of voters announcing that proponents of Initiative 21-0042A1, or Initiative 1935 as now numbered by the Secretary of State, had filed the necessary number of valid signatures to make it eligible for the November 5, 2024 General Election ballot. Proponents now have until next June 27, 2024, to consider withdrawing the initiative before the Secretary of State officially certifies it for the ballot.

Ballot Initiative 21-0042A1 would result in the loss of billions of dollars annually in critical state and local funding, restricting the ability of local agencies and the State of California to fund services and infrastructure by:

- Adopting new and stricter rules for raising taxes, fees, assessments, and property-related fees.

- Amending the State Constitution, including portions of Propositions 13, 218, and 26 among other provisions, to the advantage of the initiative’s proponents and plaintiffs; creating new grounds to challenge these funding sources and disrupting fiscal certainty.
- Restricting the ability of local governments to issue fines and penalties to corporations and property owners that violate local environmental, water quality, public health, public safety, fair housing, nuisance and other laws and ordinances.

The initiative includes provisions that would retroactively void all state and local taxes or fees adopted after January 1, 2022 if they did not align with the provisions of this initiative. This may also affect indexed fees that adjust over time for inflation or other factors. Effectively, it would allow voters throughout California to invalidate the prior actions of local voters, undermining local control and voter-approved decisions about investments needed in their communities.

Staff recommends joining a coalition of local government leaders and agencies in adopting an Oppose position on Initiative 21-0042A1. This item will be brought back to the April 19 board meeting for consideration of board approval.

Environmental Impact

None

Strategic Plan Objective(s)

3.3 – Be accountable and transparent with major decisions

3.5 – Maintain awareness of legislation that may affect TVMWD

Attachment(s)

Exhibit A – Draft Resolution in Opposition to Initiative 21-0042A1

Meeting History

None

NA/KRH

RESOLUTION NO. 23-04-DRAFT

**A RESOLUTION OF THE
THREE VALLEYS MUNICIPAL WATER DISTRICT
IN OPPOSITION OF INITIATIVE 21-0042A1**

WHEREAS, the Three Valleys Municipal Water District is a municipal water district located within the County of Los Angeles and organized and operating pursuant to California Water Code Section 71000 et seq.;

WHEREAS, an association representing California's wealthiest corporations and developers is spending millions to push a deceptive proposition aimed for the November 2024 statewide ballot; and

WHEREAS, the proposed proposition, Initiative 21-0042A1, has received the official title: "LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT"; and

WHEREAS, the measure includes provisions that would make it more difficult for local voters to pass measures needed to fund local services and infrastructure, and would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent; and

WHEREAS, the measure exposes taxpayers to new costly litigation, limits the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure; and

WHEREAS, the measure severely restricts state and local officials' ability to protect our environment, public health and safety, and our neighborhoods against those who violate the law; and

WHEREAS, the measure creates new constitutional loopholes that would allow corporations to pay less than their fair share for the impacts they impose on our communities, including local infrastructure, our environment, water quality, air quality, and natural resources; and

WHEREAS, the measure threatens billions of dollars currently dedicated to state and local services, and could force cuts and create critical cost impacts to water services, public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to address homelessness, mental health services, and more; and

WHEREAS, the measure would also reduce funding for critical infrastructure like drinking water, streets and roads, public transportation, ports, sanitation, utilities, and more.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Valleys Municipal Water District opposes Initiative 21-0042A1;

BE IT FURTHER RESOLVED, that the Three Valleys Municipal Water District will join the “No” on the Initiative 21-0042A1 coalition, a growing coalition of public safety, labor, local government, infrastructure advocates, and other organizations throughout the state.

ADOPTED and **PASSED** at a meeting of the Three Valleys Municipal Water District’s Board of Directors, on this 19th day of April 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jody Roberto
President, Board of Directors

ATTEST:

Carlos Goytia
Secretary, Board of Directors

SEAL: