



BOARD OF DIRECTORS SPECIAL MEETING

DATE :
APRIL 22, 2024

TIME:
9:30 A.M.



1021 E. Miramar Avenue | Claremont, CA 91711



www.threevalleys.com



909.621.5568

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.



THREE VALLEYS MUNICIPAL WATER DISTRICT SPECIAL BOARD MEETING WORKSHOP AGENDA

1021 E. Miramar Avenue, Claremont, CA 91711
April 22, 2024 – 9:30 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/87483998181>

OR

Dial in: (669) 900-9128, Webinar ID: 874 8399 8181

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/Treasurer
David De Jesus, Director
Jeff Hanlon, Director
Bob Kuhn, 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. PUBLIC COMMENT (Government Code Section 54954.3) ROBERTO

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

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

6. DISCUSSION

A. FISCAL YEAR 2024-25 BUDGET WORKSHOP NO. 2

VELASQUEZ

7. ADJOURNMENT AND NEXT MEETING

ROBERTO

The Board will adjourn to a regular Board Meeting on May 1, 2024.

In compliance with the Americans with Disabilities Act Government Code Section 54954.2(a), if special assistance is needed to participate in this public 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 INFORMATION

BOARD OF DIRECTORS
STAFF REPORT

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager *[Signature]*
Date: April 22, 2024
Subject: Fiscal Year 2024/2025 Budget

Funds Budgeted: \$

Fiscal Impact: \$

Staff Recommendation

No Action Necessary – Informational Item Only

Background

On April 9, 2024, the Metropolitan Water District of Southern California (MWD) adopted its water rates for the calendar years 2025 and 2026. The MWD rate process began in February and MWD staff developed 13 different rate alternatives over the course of the process.

The Fiscal Year 2024/25 and 2025/26 Biennial Budget option approved by MWD board adjusted the property tax collected to support the cost of the State Water Project from 0.0035% of a property’s assessed valuation to 0.0070%. The overall rate increases for the calendar years 2025 and 2026 rate-setting cycles were 8.5% and 8.5%. The adopted MWD water rates that directly impact Three Valleys Municipal Water District (“TVMWD”) are increases to the untreated water rate by 1% and treated water rate by 11%. The other adopted rates approved were readiness-to-serve by 8%, and capacity charges by 16%.

Discussion

On March 6, 2024, staff conducted a budget workshop. Attached is a draft of version 2 of the FY 2024/2025 budget. Version 2 has the following changes from version 1:

- Reduced Fiscal Year 2024-25 Capital Improvement Plan (CIP) cost by \$650,000 and 5-Year CIP Cost by \$1,500,000.

- Operations and Maintenance have been reduced by \$33,000 after a reevaluation of costs based on expected Miramar water sales.
- Professional services have been reduced by \$5,000.
- Communication and Conservation Programs have been decreased by \$5,000.
- Planning and Resources was reduced by \$207,500, as the amount needed for Engineering Reports was reassessed.
- Staff Compensation increased by \$75,000 for FY 2024/2025 for the addition of a new Information Technology analyst position starting January 2025.
- Property Tax Revenues for years FY 2025/26 through FY 2028/29 are budgeted with a 2.5% escalator considering Prop. 13 and home sales.
- Interest income is budgeted at \$215K, which is a \$110K increase to reflect current market conditions.
- Reduced TVMWD fixed cost charges allocation from 15% to 10% of controllable budget cost.

Highlights of this draft budget:

Staff has considered the following assumptions in preparing this budget:

- This version 2 draft is based on MWD's adopted FY 2024/25 and 2025/26 Biennial Budget and Ten-Year Financial Forecast approved on April 9, 2024, for the calendars 2025 and 2026 rate-setting cycles at overall increases of 8.5% and 8.5%.
- TVMWD projected sales are based on TVMWD member agency input at 54,600-acre feet. Each agency provided an estimate regarding their 2024-2029 demands.

Pass-Through Fund

- The MWD RTS Charge is increasing by \$727,000 for FY 2024/2025 and calendar year 2025. This is primarily due to:
 - MWD allocating more costs to the Standby Charge (\$181 million for 2025 versus \$167 million for 2024)
 - TVMWD taking proportionately more water over the last 10 years than other MWD agencies (4.60% for 2025 versus 4.52% for 2024)

The standby charge collected for the fiscal year is estimated to increase from \$28.54 to \$32.11 per EDU.

- The MWD Capacity Charge is increasing by \$166,000 for the fiscal year and increasing by \$249,000 for the calendar year 2025. This is primarily due to MWD's Capacity Charge rate fluctuating greatly. The rate for 2022-2025 has moved from \$12,200 to \$10,600 to \$11,200 to \$13,000 per cfs.

Capital Fund

- The Capital Improvement Plan projects for FY 24/25 will be funded by property tax revenues, contributing \$659,000 surplus into capital reserves. The revenues for the 5-year period are expected to be \$16.3M, while projects are expected to be \$16.2M.

Operating Fund

- MWD's untreated water rate is increasing \$9/AF (1%). MWD's treatment surcharge is increasing \$130/AF (37%). These changes result in an overall increase in the treated water rate of \$147/AF (11.6%).
- The key to keeping TVMWD rates low is maximizing the Miramar Plant. We accomplish this primarily by providing as much supply as possible to Golden State Water Company, La Verne, and Joint Water Line from TVMWD's Miramar Plant rather than MWD's Weymouth Plant.
- The controllable budget (All other Operating Fund expenses excluding water costs) is 10% higher than what we estimated for FY 2023/2024. Notable changes are as follows:
 - Staff Compensation is 8% higher due to an increase in CPI and benefits.
 - Professional services is 11% higher primarily due to IT managed services provider and Microsoft licensing.
 - Planning and Resources are higher due to staff finding it necessary to regularly have more resources for cybersecurity and Miramar Plant asset management studies. This category also reflects \$75,000 of additional funds for FY 2024/2025 to complete the Urban Water Management Plan. Other studies like service area LAFCO boundary \$100,000.
 - Operations and Maintenance costs are 23% higher, primarily due to an increase of \$190,000 in power costs and an increase of \$303,000 in chemicals.

TVMWD Surcharge

- The current TVMWD surcharge for 2024 is \$8. Staff proposes a TVMWD surcharge for 2025 at \$16 due to the volatile chemical market and increases noted in the operating fund above.

TVMWD Fixed Charges

- TVMWD's current fixed charges are kept at 10% of the controllable budget cost. TVMWD can meet the required revenue to cover costs by fixed cost allocation revenue.

Summary

The changes noted above had the following effect:

- The projected 2025 fixed charge assessed to all TVMWD member agencies was reduced by approximately \$275,000.

- The projected variable rate surcharge was increased from \$8 per acre-foot to \$16 per acre-foot to recover costs and balance the district's budget.

Version 2 draft of the FY 2024/25 budget was presented to the member agency managers on April 17, 2024, for review and discussion. At this meeting, staff received no requests to incorporate any additional modifications.

Therefore, staff is presenting this Version 2 draft of the budget for any additional discussion prior to submitting it to the board as the final budget at the May 1, 2024 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 2024/2025 Budget Version 2 Draft
- Exhibit B – Capacity Charges 2025 Draft
- Exhibit C – Fixed Charges 2025 Draft
- Exhibit D – RTS Charge Summary
- Exhibit E – 2023 Capital Improvement Plan Draft

Meeting History

Board of Directors Meeting, March 6, 2024, Informational Item Only

NA/JV

FY 2024/25 TVMWD PROPOSED BUDGET VERSION 2										
	FY 2023/24	FY 2023/24	FY 2024/25	Pass Through	Operating	Capital	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
	Budget	Projected	Budget	Fund	Fund	Fund	Budget	Budget	Budget	Budget
REVENUES										
Water Sales	68,481,309	59,677,647	67,409,065		67,409,065		72,044,300	78,746,571	85,796,323	90,541,831
Standby Charge/RTS Charges	5,459,852	5,476,023	6,186,637	6,186,637			6,735,449	7,034,761	7,771,904	8,555,080
Capacity Charge Assessment	1,507,470	1,507,470	1,673,430	1,673,430			1,648,859	1,756,636	1,859,726	1,949,344
Property Taxes	2,934,033	3,183,407	3,100,478			3,100,478	3,177,990	3,257,439	3,338,875	3,422,347
Fixed Charge Assessment	896,361	896,361	987,458		987,458		1,069,315	1,099,491	1,137,848	1,188,074
Hydroelectric Sales	200,000	250,239	240,000		240,000		240,000	240,000	240,000	240,000
Interest Income	105,604	276,591	215,000		215,000		215,000	215,000	215,000	215,000
Pumpback O&M	10,000	-	10,000	10,000			10,000	10,000	10,000	10,000
Grants and Other Revenue	5,705	141,498	5,844		5,844		5,990	6,140	6,293	6,451
TOTAL REVENUES	79,600,334	71,409,235	79,827,912	7,870,067	68,857,367	3,100,478	85,146,903	92,366,038	100,375,970	106,128,126
EXPENSES										
Water Purchases	60,179,085	51,862,681	58,021,969		58,021,969		60,975,201	66,947,849	73,912,482	78,546,987
MWD RTS Charge	5,459,852	5,476,023	6,186,637	6,186,637			6,735,449	7,034,761	7,771,904	8,555,080
Staff Compensation	5,496,236	5,363,987	5,934,749		5,934,749		6,107,129	6,424,979	6,748,319	7,136,115
MWD Capacity Charge	1,507,470	1,507,470	1,673,430	1,673,430			1,648,859	1,756,636	1,859,726	1,949,344
Operations and Maintenance	1,947,950	2,382,804	2,397,250		2,397,250		2,490,050	2,586,442	2,686,565	2,790,565
Capital Repair and Replacement	597,216	1,056,264	1,025,000			1,025,000	2,100,000	2,230,000	1,800,000	1,000,000
Capital Investment Program	2,525,000	1,444,404	1,416,400			1,416,400	1,484,300	1,370,000	1,845,000	1,945,000
Professional Services	669,126	675,796	743,515		743,515		772,297	802,193	833,247	865,503
Directors Compensation	285,389	227,379	325,165		325,165		300,981	312,868	325,934	340,297
Communication and Conservation Programs	200,700	197,819	166,000		166,000		172,426	179,101	186,034	193,235
Planning and Resources	425,000	264,089	620,000		620,000		725,000	475,000	375,000	375,000
Membership Dues and Fees	97,650	98,552	101,100		101,100		105,014	109,079	113,301	117,687
Hydroelectric Facilities	30,000	34,191	60,000		60,000		62,323	64,735	67,241	69,844
Pumpback O&M	10,000	14,504	10,000	10,000			10,000	10,000	10,000	10,000
Board Elections	-	-	-		-		-	-	-	-
Reserve Replenishment	390,000	390,000	390,000		390,000		390,000	390,000	390,000	390,000
Encumbrances		1,690,833	1,690,833			1,690,833	-	-	-	-
TOTAL EXPENSES	79,820,675	72,686,797	80,762,047	7,870,067	68,759,747	4,132,233	84,079,028	90,693,643	98,924,754	104,284,657
NET INCOME (LOSS) BEFORE TRANSFERS	(220,340)	(1,277,562)	(934,135)	-	97,620	(1,031,755)	1,067,875	1,672,395	1,451,216	1,843,469
TRANSFER FROM BOARD ELECTION RESERVES	-	-								
TRANSFER FROM/(TO) CAPITAL RESERVES	188,183		(659,078)			(659,078)	406,310	342,561	306,125	(477,347)
TRANSFER FROM/(TO) OPPORTUNITY RESERVES										
TRANSFER FROM/TO ENCUMBERED RESERVES	1,113,619	1,113,619	1,690,833		-	1,690,833				
NET INCOME (LOSS) AFTER TRANSFERS	1,081,462	(163,943)	97,620	-	97,620	-	1,474,186	2,014,956	1,757,341	1,366,122
	CY 2024		CY 2025				CY 2026	CY 2027	CY 2028	CY 2029
MWD RATE	\$ 1,256		\$ 1,395				1,528	1,704	1,812	1,896
TVMWD SURCHARGE	\$ 8		\$ 16				16	16	16	16
TVMWD RATE	\$ 1,264		\$ 1,411				\$ 1,544	\$ 1,720	\$ 1,828	\$ 1,912
ANNUAL FIXED CHARGE 10%	\$ 920,766		\$ 1,054,150				\$ 1,084,481	\$ 1,114,502	\$ 1,161,194	\$ 1,214,953

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MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2025

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.4	\$ 4,878.97	\$ 406.58	0.27%
Cal Poly	0.7	\$ 8,782.14	\$ 731.85	0.49%
Covina	3.8	\$ 48,789.69	\$ 4,065.81	2.71%
Covina Irrigating Company	13.8	\$ 179,058.15	\$ 14,921.51	9.96%
Glendora	13.1	\$ 170,763.91	\$ 14,230.33	9.50%
Joint Water Line (JWL)	26.4	\$ 343,479.40	\$ 28,623.28	19.10%
La Verne	12.9	\$ 168,270.75	\$ 14,022.56	9.36%
Mt. Sac	1.0	\$ 12,685.32	\$ 1,057.11	0.71%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	7.7	\$ 99,530.96	\$ 8,294.25	5.54%
GSWC (Claremont)	15.5	\$ 201,555.08	\$ 16,796.26	11.21%
GSWC (San Dimas)	12.8	\$ 165,884.94	\$ 13,823.74	9.23%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	30.3	\$ 394,220.68	\$ 32,851.72	21.93%
TOTAL	138.3	1,797,900	\$ 149,825	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 2021, 2022, and 2023.
2. The MWD Capacity Charge basis of 138.3 cfs at \$13000 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

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Item 6.A - Exhibit C

TVMWD FIXED CHARGES SUMMARY - PROPOSED
EFFECTIVE JANUARY 2025

AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	30.3	\$ 183.38	0.05%	1.5	\$ 1,293.44	0.37%	256.8	\$ 351.38	0.10%	\$ 1,828.20
Cal Poly	102.5	\$ 620.16	0.18%	2.0	\$ 1,724.58	0.49%	2,568.1	\$ 3,513.83	1.00%	\$ 5,858.57
Covina	89.1	\$ 539.26	0.15%	20.0	\$ 17,245.81	4.91%	5,199.9	\$ 7,114.84	2.02%	\$ 24,899.90
Covina Irrigating Company	6,795.3	\$ 41,127.39	11.70%	20.0	\$ 17,245.81	4.91%	0.0	\$ -	0.00%	\$ 58,373.19
Glendora	988.2	\$ 5,981.08	1.70%	40.0	\$ 34,491.61	9.82%	28,209.3	\$ 38,597.56	10.98%	\$ 79,070.26
Joint Water Line (JWL)	17,913.2	\$ 108,415.90	30.85%	121.0	\$ 104,337.12	29.69%	0.0	\$ -	0.00%	\$ 212,753.02
La Verne	5,279.7	\$ 31,954.46	9.09%	15.0	\$ 12,934.35	3.68%	21,550.5	\$ 29,486.62	8.39%	\$ 74,375.43
Mt. Sac	362.8	\$ 2,195.77	0.62%	5.0	\$ 4,311.45	1.23%	2,568.1	\$ 3,513.83	1.00%	\$ 10,021.06
Pomona	0.1	\$ 0.87	0.00%	20.0	\$ 17,245.81	4.91%	45,635.5	\$ 62,441.08	17.77%	\$ 79,687.75
Rowland Water District	2,995.0	\$ 18,126.43	5.16%	30.0	\$ 25,868.71	7.36%	23,938.0	\$ 32,753.33	9.32%	\$ 76,748.47
GSWC (Claremont)	4,002.0	\$ 24,221.56	6.89%	15.0	\$ 12,934.35	3.68%	27,950.5	\$ 38,243.46	10.88%	\$ 75,399.37
GSWC (San Dimas)	7,872.8	\$ 47,648.34	13.56%	35.0	\$ 30,180.16	8.59%	32,980.0	\$ 45,125.10	12.84%	\$ 122,953.60
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	16,923.0	\$ 23,155.01	6.59%	\$ 23,155.01
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 3,449.16	0.98%	1,610.7	\$ 2,203.82	0.63%	\$ 5,652.98
Walnut Valley Water District	11,626.8	\$ 70,368.67	20.03%	79.0	\$ 68,120.93	19.39%	47,420.5	\$ 64,883.41	18.47%	\$ 203,373.01
TOTAL	58,057.8	\$ 351,383	100%	407.5	\$ 351,383	100%	256,811	\$ 351,383	100%	\$ 1,054,150

Notes:

- The Imported Water Use Charge is based on average import water deliveries in the 2020/21, 2021/22 & 2022/23 fiscal years.*
- Connected Capacity for the Badillo-Grand Pipeline is according to WVWD's maintenance allocation: WVWD 60 cfs and Valencia Heights. 4 cfs.*
- 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*
- 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.*
- Fire Service Meters are not included in the ESM calculations*

MWD READINESS-TO-SERVE CHARGE SUMMARY EFFECTIVE JULY 2024

AGENCY	EDU	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	11	\$ 29.87	\$ 2.49	0.01%
Covina	2,344	\$ 6,365.64	\$ 530.47	1.22%
Glendora	18,678	\$ 50,724.16	\$ 4,227.01	9.74%
La Verne	12,772	\$ 34,685.14	\$ 2,890.43	6.66%
Pomona	47,114	\$ 127,948.30	\$ 10,662.36	24.56%
Rowland Water District	23,840	\$ 64,742.70	\$ 5,395.23	12.43%
GSWC (Claremont)	16,136	\$ 43,820.81	\$ 3,651.73	8.41%
GSWC (San Dimas)	22,713	\$ 61,682.08	\$ 5,140.17	11.84%
Suburban	9,463	\$ 25,698.83	\$ 2,141.57	4.93%
Valencia Heights	1,102	\$ 2,992.72	\$ 249.39	0.57%
Walnut Valley Water District	37,643	\$ 102,227.74	\$ 8,518.98	19.62%
TOTAL	191,816	\$ 520,919	\$ 43,410	100.00%

Notes:

1. The MWD Readiness-to-Serve (RTS) Charge is paid by Water Standby Charge Assessment, which would be collected at a maximum assessment rate of \$29.41 per EDU. Any resulting deficit would be pass-through to the member agencies proportional the parcel count (EDU) per agency.

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Item 6.A - Exhibit E

2025 CIP

CAPITAL IMPROVEMENT PLAN



THREE VALLEYS
MUNICIPAL WATER
DISTRICT

FYE 2025 - 2029 CAPITAL PROGRAM



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INTRODUCTION

The Capital Improvement Plan (CIP) is a working blueprint for building and sustaining Three Valleys Municipal Water District's physical infrastructure. The purpose of a CIP is to identify capital improvement projects, identify and forecast funding sources, prioritize improvements based on funding available, and estimate a timeline for completion of individual improvements. Capital Improvement Projects are projects which involve the purchase, improvement or construction of major fixed assets and equipment, which are typically large in size, expensive, and permanent. Examples of capital projects include the expansion of treatment plants and the construction/rehabilitation of pipeline and pump stations.

This CIP identifies projects for the Fiscal Year 2024/25 through FY 2028/29 that are needed for the rehabilitation, replacement, or expansion of the facilities owned or operated by TVMWD. Projects were identified based on physical conditions of assets, forecasted regional projections of water demands and outlook of water resource availability. The timing of the projects identified in the CIP are further refined during the fiscal year based on the availability of financial resources.



MIRAMAR TREATMENT PLANT

This CIP provides a holistic picture including recently completed projects, projects in the planning phase, the five year plan, as well as projects that are envisioned to occur beyond the five year planning horizon.

The CIP is consistent with and is instrumental in achieving Three Valleys' Strategic Plan objectives.

YEAR IN REVIEW

Three Valleys’ capital project expenses incurred through February 2024 is 20% or \$670,000 of the Fiscal Year 2023-24 budget of \$3.1 million. Staff projection for expenses to be incurred through June 30, 2024 is an additional \$1.6 million; 75% of budget is forecasted to be spent through the end of the fiscal year.

Three Valleys has focused its projects on upgrading end-of-life systems and improving the reliability of its infrastructure. Highlights of projects that were completed in the last FY are provided below.



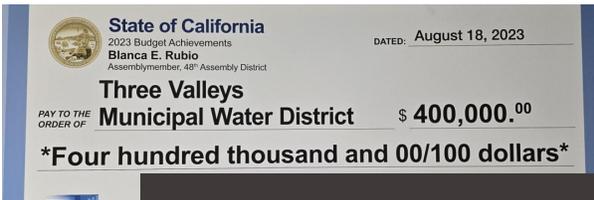
PIPE DIVER EXTRACTION

Three Valleys completed the **Miramar Transmission Line Leak Detection** project in December 2023 for a total project cost of \$350,000. The Project utilized **Xylem’s Smartball®** technology to record pipeline integrity information.



SWITCHGEAR REPLACEMENT

Three Valleys utilized \$210,000 to upgrade its **Miramar Main Switch Gears** in February 2024. The main electrical switchgears had reached their end of life and was no longer supported by vendors.



GRANT FUNDING

\$400,000 of state funding was received in September 2023 from the Department of Water Resources for the **Groundwater Reliability Project and a water conservation project for the City of Covina.**

PROJECTS IN PLANNING

Support Three Valleys mission to supplement and enhance local water supplies.

The Projects that are in the planning phase provides the context to develop an implementation plan working collaboratively with Three Valleys’ member agencies to meet short and long term needs cost effectively. Summary of the planning efforts in progress and that will continue into the future years are provided below. The project costs are summarized in the Planning & Resources category in the Five-Year Plan.

Water Resources Master Plan

01

Holistic plan that creates a road map of strategies, projects and schedule to develop local sustainable supplies that is resilient to unforeseen change in conditions. This plan will be developed along with the Drought Contingency Plan, which received \$200,000 in grant funding in 2023. The total project cost is \$400,000, and no new funds are allocated for FYE 2025; the project will encumber its current FYE 2024 budget to complete.

Funding Opportunities

02

Critical component of long term strategy to create resilient and reliable water supplies is to seek opportunities for funding partners and grant opportunities to creative a cost effective portfolio. Three Valleys has set up a protocol in place to seek funding opportunities for itself and its member agencies.

Groundwater Reliability Partnership

03

Partnership with City of Glendora and Puente Basin Water Agency [PBWA] to develop a feasibility study to implement a regional distribution network and local supplies by utilizing **9,000 acre-feet per year** of stranded City assets. Three Valleys has received \$800,000 in funding for this project to date.

PROJECTS IN PLANNING

Storage and Recovery Programs

04

As a region which relies 50 - 60% on imported water supplies, it is imperative to invest in local supplies and supply diversification. Three Valleys has been advocating amongst regional partnering agencies to increase investments in the three groundwater basins that Three Valleys overlies on, the Chino, Main San Gabriel and Six Basins groundwater basins.

Urban Water Management Plan 2025

05

For long-term resource planning, the Urban Water Management Plan characterizes Three Valleys' water use, supply and demand, and required contingencies in the event of water shortages and drought conditions. The plan provides an assessment of current and projected water conditions to prioritize regional projects which benefit the Three Valleys service area and member agencies. Three Valleys is required to update its Urban Water Management Plan every 5 years.

PROJECTS IN PLANNING

The Planning & Resource Studies is managed as part of the Annual Operating Expenses, and therefore any unencumbered budget will return to the general reserves.

Engineering Reports & Studies: This category of funding is set aside annually for unplanned professional studies to be conducted during the course of the year; typical expenses to this category consists of special studies, partnership in research studies that provide value to its agencies, environmental studies to support feasibility studies, etc. For FYE 2025, it is anticipated additional professional services will be required to enable Three Valleys to advocate for the benefit of its member agencies through the Metropolitan Water District's Long Term Planning initiatives, in particular its Climate Adaptation Master Plan for Water and Business model discussions. Three Valleys is participating in a study with other Metropolitan member agencies to seek funding assistance in conducting impact of PFAS during the construction of groundwater wells; Three Valleys' commitment is \$40,000 in FYE 2025.

Grant Assistance: This category of funding is set aside annually for as needed professional assistance to identify funding opportunities applicable to Three Valleys and for support on applications that require substantial effort that cannot be completed by staff. For FYE 2025, if Three Valleys is successful in progressing to the next stage of the Federal Emergency Management Agency (FEMA) funding process, professional assistance would be required to compile and respond to the funding agency. Three Valleys, in collaboration with the Puente Basin Water Agency and the City of Pomona jointly submitted a funding request in the amount of \$40 million for the Groundwater Reliability Project; the total Project cost is estimated at \$120 million.

Required Studies: The Risk Management Plan, the Urban Water Management Plan and the Cybersecurity risk assessments are essential for the operation of Three Valleys and to meet regulatory requirements.

Local Agency Formation Commission (LAFCO) Boundary: Three Valleys identified parcels both outside and within its service area that needed to be realigned with the boundaries between the City of La Verne and Metropolitan Water District; the effort also includes realignment of the Three Valleys' and Upper San Gabriel Municipal Water District's service area boundaries to reconcile with the established LAFCO Boundary. The funding in FYE 2025 is for anticipated fees and studies to complete the effort.

Treatment Assessment Studies: The Belt Filter Press and the Sludge Pond Mixing requires to be analyzed to realize operational efficiencies and create long term projects for its appropriate replacement and rehabilitation.

PROJECTS IN PLANNING

Planning and Resources	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Engineering Reports & Studies	\$200,000	\$175,000	\$150,000	\$150,000	\$150,000
Grant Assistance	\$75,000	\$75,000	\$100,000	\$100,000	\$100,000
Risk Management Plan	\$20,000				
Urban Water Management Plan	\$75,000	\$125,000			
Cybersecurity	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
LAFCO Boundary	\$100,000				
Treatment Studies	\$100,000	\$200,000	\$75,000	\$75,000	\$75,000
GIS Strategic Plan		\$50,000			
Asset Management Plan		\$50,000	\$50,000		
Website			\$50,000		
Total	\$620,000	\$725,000	\$475,000	\$375,000	\$375,000

The five year budget for FYE 2025 - 2029 **Planning & Resource studies** is **\$2.6 million**

FIVE YEAR CIP



MIRAMAR TREATMENT PLANT

The capital projects are categorized into two categories: Capital Repair and Replacement and Capital Investment Program. Descriptions of major projects in both categories are included below. The total CIP costs for the next 5 years is \$16.2 million.

The California Construction Cost Index (CCCI) was consistent at 3.1% for the five-year period of 2016-2020, and 1.8% for the five-year period of 2011-2015. After the COVID-19 pandemic of 2020, the CCCI index has increased substantially; the CCCI indices were 13.4%, 9.3% and 9.4% for 2021, 2022 and 2023, respectively. Construction material costs have seen surges compared to the pre-pandemic period ranging between 20% to 40%. Although it is expected that the prices will stabilize, costs are not expected to return to pre-pandemic levels. The increase in the five year CIP costs are primarily attributed to current market conditions of increased construction costs and needed repairs and rehabilitations.

Five Year CIP	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Capital Repair & Replacement	\$1,025,000	\$2,100,000	\$2,230,000	\$1,800,000	\$1,000,000
Capital Investment Program	\$1,416,400	\$1,484,300	\$1,370,000	\$1,845,000	\$1,945,000
Total	\$2,441,400	\$3,584,300	\$3,600,000	\$3,645,000	\$2,945,000

The five year budget for FYE 2025-2029 for the **CIP** is **\$16.2 million**

CAPITAL REPAIR AND REPLACEMENT

Projects in this category will improve or maintain existing Three Valleys assets. Projects will address end-of-life systems and perform routine replacement and rehabilitation as needed. Highlights of major projects are provided below. **Capital Repair and Replacement Projects total \$8.1 million or 50% of the total five year CIP.**

Sludge Pond Mixing Upgrade

01

The current sludge pond mixer is no longer working as well as intended and requires upgrading. Better mixing will prevent the growth of algae and other organic material and will increase the amount of water recovered when the sludge is sent to the belt filter press. The Project is slated to begin in FYE 2027.

Total Project Cost: \$800,000

Hydroelectric Facility Upgrade

02

The Miramar hydroelectric generators are nearing 40 years of service and require a reassessment of its structural and mechanical integrity. This project will upgrade current hydroelectric facilities and provide repairs if found. \$200,000 is included in the five-year plan, with the remainder occurring beyond the time period.

Total Project Cost: \$3,000,000

Miramar System Unplanned Repairs & Rehabilitation

03

This category of projects is set aside as an annual budget from which unplanned repairs and rehabilitation projects are funded from that were not foreseen as a need. Three Valleys does not currently have an asset management plan to develop the forecasted repairs and rehabilitation and is replaced as needed.

Total Project Cost: \$100,000 per year

Miramar Efficiency Upgrades

04

The Miramar buildings were constructed nearly 40 years ago in the 1980s. Tier 1 and Tier 2 seismic evaluation of the buildings along with the replacement of the roof and the Heating, Ventilation and Air Conditioning [HVAC] system is needed to meet building code requirements and replace end of life components. The project will be phased based on the criticality of the improvements. Budget of \$500,000 is allocated in FYE 2025 to begin the first phase of implementation.

Total Project Cost: \$3,250,000

CAPITAL REPAIR AND REPLACEMENT

Capital Repair and Replacement	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Miramar Building Upgrades	\$500,000	\$1,000,000	\$1,100,000	\$650,000	
Miramar Treatment Plant Unplanned R&R Improvements	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Treatment System Enclosures	\$85,000				
Parking Space Covers	\$80,000	\$200,000			
Surface Backwash Replacement	\$60,000				
Filter drain valves	\$200,000				
Traveling Bridge		\$200,000			
Miramar Security Fencing Upgrades		\$300,000			
Wheeler Meter Cabinet Replacement		\$200,000			
Acid System Feed Pump skid		\$100,000			
Reservoir Outlet Valve Actuators			\$200,000		

CAPITAL REPAIR AND REPLACEMENT

Capital Repair and Replacement	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Manways Fulton to 5th and C			\$100,000	\$100,000	\$100,000
Manway Lid Replacements			\$50,000	\$50,000	\$50,000
Grand Avenue Well Improvement					\$250,000
Well 2 Improvement			\$200,000		
Sludge Pond Mixing Upgrade			\$300,000	\$400,000	\$100,000
TTHM Fan			\$80,000		
Main Breaker Replacements			\$100,000	\$200,000	\$100,000
Soft water 4" feed line				\$300,000	
Hydroelectric facility improvements					\$200,000
Driveway asphalt slurry reseal					\$100,000
Total	\$1,025,000	\$2,100,000	\$2,230,000	\$1,800,000	\$1,000,000

CAPITAL IMPROVEMENT PROGRAM

This category of projects includes long-term investment projects improving general Miramar facilities, systems, and needs. Highlights of major projects are provided below. **The Capital Investment Program Projects is \$8.1 million or 50% of the total five year CIP.**

Miramar System Inspection

01

The Miramar Treatment and Distribution System has delivered water to its service area for over 40 years. This project will inspect the Miramar treatment and distribution system to assess the structural integrity and remaining life span of the system.

Total Project Cost: \$1,800,000

PM-21 [Miramar] Bypass Magmeter

02

Miramar Treatment Plant's design capacity is 40 cubic feet per second [cfs]. Lower demands due to factors of water use efficiency and water shortage conditions requires the plant to operate at minimal flows of 8 cfs. This effort initiates a project with Metropolitan Water District to install a meter suitable for lower flow conditions, increasing meter accuracy and reduce potential for apparent water losses.

Total Project Cost: \$2,300,000

SCADA & Communication Systems

03

This category of projects include site to site communication, business network communication, Programmable Logic Controllers [PLC], software and programming to maintain to industry standards and best practice.

Total Project Cost: \$230,000 over the five year period

Security Systems

04

This category of projects include onsite and offsite security enhancements with improved surveillance and communication that are needed.

Total Project Cost: \$800,000 over the five year period

Padua Pump Station Property Acquisition

05

Three Valleys is in the process of acquiring the property from California Department of Transportation. The property will be used as a future pump station location to incorporate the Pure Water SoCal into Miramar system. The property acquisition in FYE 2025 is estimated at \$600,000.

Total Project Cost: \$600,000

CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Program	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Security Equipment	\$300,000	\$200,000	\$100,000	\$100,000	\$100,000
Padua Pump Station	\$200,000				
PM-21 Bypass MagMeter	\$500,000	\$1,200,000			
Accounting Software	\$50,000				
Vehicle	\$65,000		\$75,000		\$150,000
SCADA & Com Systems	\$100,000	\$70,000	\$20,000	\$20,000	\$20,000
IT AV System Upgrade	\$75,000				
Office Furniture	\$26,400	\$14,300	\$25,000	\$25,000	\$75,000
Groundwater Reliability	\$100,000				
EOC Replacement			\$650,000		

Capital Improvement Program	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Miramar Pumpback			\$500,000	\$1,500,000	
Miramar System Inspection				\$200,000	\$1,600,000
Total	\$1,416,400	\$1,484,300	\$1,370,000	\$1,845,000	\$1,945,000



MIRAMAR WELL 1

FIVE YEAR CIP SUMMARY

The total capital project costs for the next 5 years is **\$16.2 million.**

- Capital Repair and Replacement
- Capital Investment Program



\$8.1 million, 50%
Capital Repair and Replace projects

FYE 2025: \$1 M

\$8.1 million, 50%
Capital Investment Program projects

FYE 2025: \$1.4 M

The FYE 2025 **CIP** is **\$2.4million**

Three Valleys has developed multiple projects spanning across the five year 2024-29 CIP. These projects will maintain and upgrade the Miramar treatment and distribution system to continue to provide reliable supplemental supplies for the service area.

Additionally, various planning efforts and studies will be conducted to better improve general Miramar operations and bolster Three Valleys' water supply reliability in its service area.



FYE 2025 - 2029 CAPITAL IMPROVEMENT PLAN

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- Project Updates
- Annual Reports