



THREE VALLEYS MUNICIPAL WATER DISTRICT SPECIAL BOARD MEETING WORKSHOP AGENDA

1021 E. Miramar Avenue, Claremont, CA 91711
April 27, 2026 – 9:00 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/83598555599>

OR

Dial in: (669) 900-9128, Webinar ID: 835 9855 5599

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 Board Secretary prior to the close of public comment.

- | | |
|--|---------|
| 1. CALL TO ORDER | TI |
| 2. ROLL CALL | AGUIRRE |
| Mike Ti, President | |
| Carlos Goytia, Vice President | |
| Jeff Hanlon, Secretary/Treasurer | |
| David De Jesus, Director | |
| Bob Kuhn, Director | |
| Jorge Marquez, Director | |
| Jody Roberto, Director | |
| 3. FLAG SALUTE | TI |
| 4. DIRECTOR REMOTE PARTICIPATION PURSUANT TO SB 707 [Government Code Section 54953.8.3] – Notification Due to Just Cause | TI |

5. PUBLIC COMMENT (Government Code Section 54954.3)

TI

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 Board Secretary.

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. FISCAL YEAR 2026/27 BUDGET WORKSHOP NO. 2 –
PROJECT/PLANNING/DEVELOPMENT COMMITTEE OF THE WHOLE**
Information and Discussion Only – No Board Action Will Be Taken

LEE/
GOMEZ

- FY 2027-31 Capital Improvement Plan
- Budget & Rates
 - FY 2026-27 Budget
 - CY 2027 Rates
 - CY 2027 Fixed Charges
 - CY 2027 Capacity Charges
 - CY 2027 Fixed Treatment Charges

7. CLOSED SESSION

TI

7.A THREAT TO PUBLIC SERVICES, FACILITIES, OR CRITICAL INFRASTRUCTURE

[Government Code Section 54957(a)]

Consultation with: Robert Peng, Information Technology Manager

8. ADJOURNMENT AND NEXT MEETING

TI

The Board will adjourn to a regular Board of Directors meeting on May 20, 2026 at 8:00 AM.

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 Board Secretary 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.

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

2027 CIP



Capital Improvement Plan
FYE 2027 - FYE 2031

June 2026



MIRAMAR TREATMENT PLANT
THREE VALLEYS MUNICIPAL WATER DISTRICT

THREE VALLEYS MWD

General Manager

MATTHEW LITCHFIELD

Board President

MIKE TI

Board Vice President

CARLOS GOYTIA

Board Secretary/Treasurer

JEFF HANLON

Board Directors

DAVID DE JESUS

BOB KUHN

JORGE MARQUEZ

JODY ROBERTO



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1021 E. MIRAMAR AVENUE
CLAREMONT | CA 91711

909.621.5568

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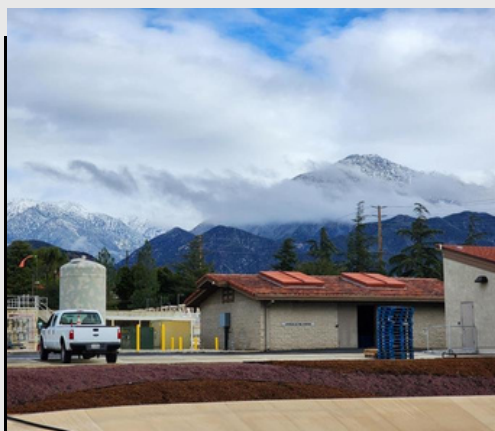
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INTRODUCTION

The *Capital Improvement Plan (CIP)* is a working blueprint for building and sustaining Three Valleys Municipal Water District's physical infrastructure. The purpose of the CIP is to identify capital improvement projects, forecast funding sources, prioritize improvements based on available funding, and establish timelines for the completion of individual improvements.

This CIP identifies projects for Fiscal Years 2026/27 through 2030/31 that are necessary for the rehabilitation, replacement, or expansion of facilities owned or operated by Three Valleys. Projects were identified based on the physical condition of assets, operational needs, regulatory requirements, and long-term planning efforts.

The CIP provides a comprehensive overview, including continuing projects from the prior CIP, new projects introduced in this cycle, projects in the planning phase, and long-term capital needs beyond the five-year horizon.



The CIP serves as the District's roadmap for maintaining reliable infrastructure while strategically investing in the future of its water supply system.



Three Valleys continued to focus its capital program on improving infrastructure reliability, advancing regional supply initiatives, and modernizing operational systems.

Key efforts included continued progress on Miramar facility upgrades, coordination with the Metropolitan Water District on system improvements, and advancement of planning efforts to support long-term capital investment decisions.

During FYE 2026, the District also expanded its focus on asset management, treatment system performance, and

operational technology improvements, which informed the development of new projects included in this CIP cycle.

Three Valleys continued to pursue funding opportunities and was successful in obtaining \$10,000 in February 2026 from the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) for the Automated Heat and Flood Risk Control System through the JPIA Risk Control Grant Program.

YEAR IN REVIEW 05

ANNUAL MAINTENANCE



FILTER PRESSURE WASHING
COMPLETED ANNUALLY BY STAFF

FILTERS



Annual maintenance activities

occur during regularly scheduled annual treatment plant shutdown in winter; this year, it was completed in March 2026 to coordinate with Metropolitan Water District of Southern California's Rialto Pipeline shutdown.

The pictures above and to the left depict the condition of the filters before and after the draining and cleaning of the facilities. The work was completed by Three Valleys' Operations Staff.

PLANNING INITIATIVES

PLANNING INITIATIVES SUPPORT THREE VALLEYS' MISSION TO SUPPLEMENT AND ENHANCE LOCAL WATER SUPPLIES.



Projects in the planning phase provide the basis for developing implementation strategies in collaboration with member agencies to meet short- and long-term needs in a cost-effective manner. The Planning and Resource Studies program are managed as part of annual operating expenses, and consistent with the 2003 Compromise Agreement with Walnut Valley Water District, any unexpended funds remaining in the Planning and Resources portion of the annual budget will be segregated and rolled over into that line item of the next fiscal year's budget and not used for reserves or to offset any budgetary deficit.

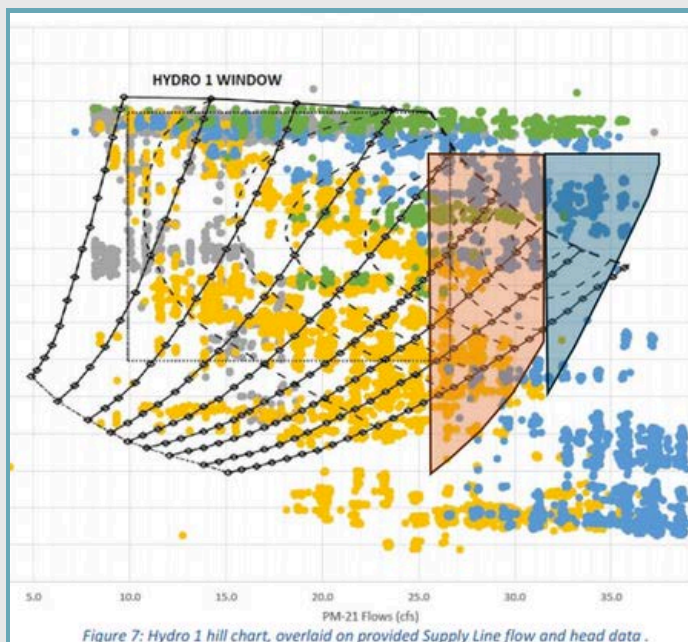
In reviewing the merits of each of the proposed projects described below, the Board shall give due consideration to all of the following: (a) The extent to which the proposed project has already been planned or undertaken by another agency; (b) The necessity for feasibility studies and cost estimates to assist in the determination of the engineering and financial feasibility of the proposed project and the reasonableness of the costs; (c) The nature and extent of the benefit to each of the member agencies resulting from the proposed project; (d) The potential reallocation of costs for the proposed project based upon the degree of variance in the relative benefit conferred by the proposed project on Three Valleys' member agencies; and (e) The concerns and comments raised by any member agency with respect to the proposed project and application of the above factors.

If any project approved by the Board includes a determination by the Board that that a reallocation of costs should occur based upon the degree of variance in the relative benefit conferred by the project on Three Valleys' member agencies, then the Board's approval of the project shall also include a description of the manner in which the budgetary adjustments shall be made.

HIGHLIGHTS OF PLANNING INITIATIVES COMPLETED IN FYE 2026

Miramar Sludge Mixing Process

The analysis recommended improvements to sludge pond mixing as an initial step to improve efficiency. Additional long-term improvements include construction of a dedicated sludge blending tank as a permanent solution to address inefficiencies in the current mixing process. Based on the results of the initial recommendations, if further efficiency improvements are necessary, redesign and construction of new sludge ponds may be required. These improvements are currently identified in the CIP as phased implementation projects.



Hydrogeneration Facilities Operation and Energy Production

Based on the results of the investigation, revised interconnection service agreement applications for the hydrogeneration facilities have been initiated with Southern California Edison. The findings are still under review to identify potential capital project needs.

2025 Urban Water Management Plan (UWMP)

The UWMP characterizes Three Valleys' water use, supply, 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 that benefit the Three Valleys service area and its member agencies. The UWMP was developed as a regional plan and includes participation from the Cities of Glendora, La Verne, and Pomona; Golden State Water Company (serving Claremont and San Dimas); Rowland Water District; and Walnut Valley Water District. The Plan is expected to be completed by June 2026 to meet regulatory requirements.

RECORD HOT DRY MARCH 2026 WIPES OUT CALIFORNIA SNOWPACK - SECOND LOWEST SNOWPACK FOR APRIL 1 IN HISTORY



Side-by-side comparison of California's snowpack just eight days apart. | Credit: NASA Terra/MODIS

PLANNING INITIATIVES IN PROGRESS



01. Grants Assistance

A critical component of long-term strategy to create resilient and reliable water supplies is identifying funding partners and grant opportunities to develop a cost-effective project portfolio. Three Valleys has established a process to pursue funding opportunities for both the District and its member agencies. This category provides funding for professional assistance to identify grant opportunities and support applications that require substantial effort beyond staff capacity.

02. Water Resources Master Plan

A comprehensive plan that establishes a roadmap of strategies, projects, and schedules to develop sustainable local supplies resilient to changing conditions. This effort is coordinated with the Drought Contingency Plan, which received \$200,000 in grant funding in 2023. The total project cost is \$400,000. No new funds are allocated for FYE 2027, and completion is anticipated following final approval by the United States Bureau of Reclamation.

03. GROUNDWATER RELIABILITY IMPROVEMENT PROGRAM [GRIP]

GRIP is a result of the partnership between Three Valleys, the City of Glendora and Puente Basin Water Agency (PBWA).

The GRIP focuses on developing a regional distribution network and local supplies utilizing approximately 9,000 acre-feet per year of stranded City assets. Three Valleys has secured \$800,000 in funding to date. The project received \$35,000,000 in federal funding under the Water Resources Development Act of 2024.

Key progress includes completion of the preliminary design report for the PBWA Booster Pump Station, groundwater modeling in coordination with the Main San Gabriel Basin Watermaster and Stetson Engineers, and draft environmental documentation for CEQA/NEPA compliance. No new funds are allocated for FYE 2027 beyond grant funding.



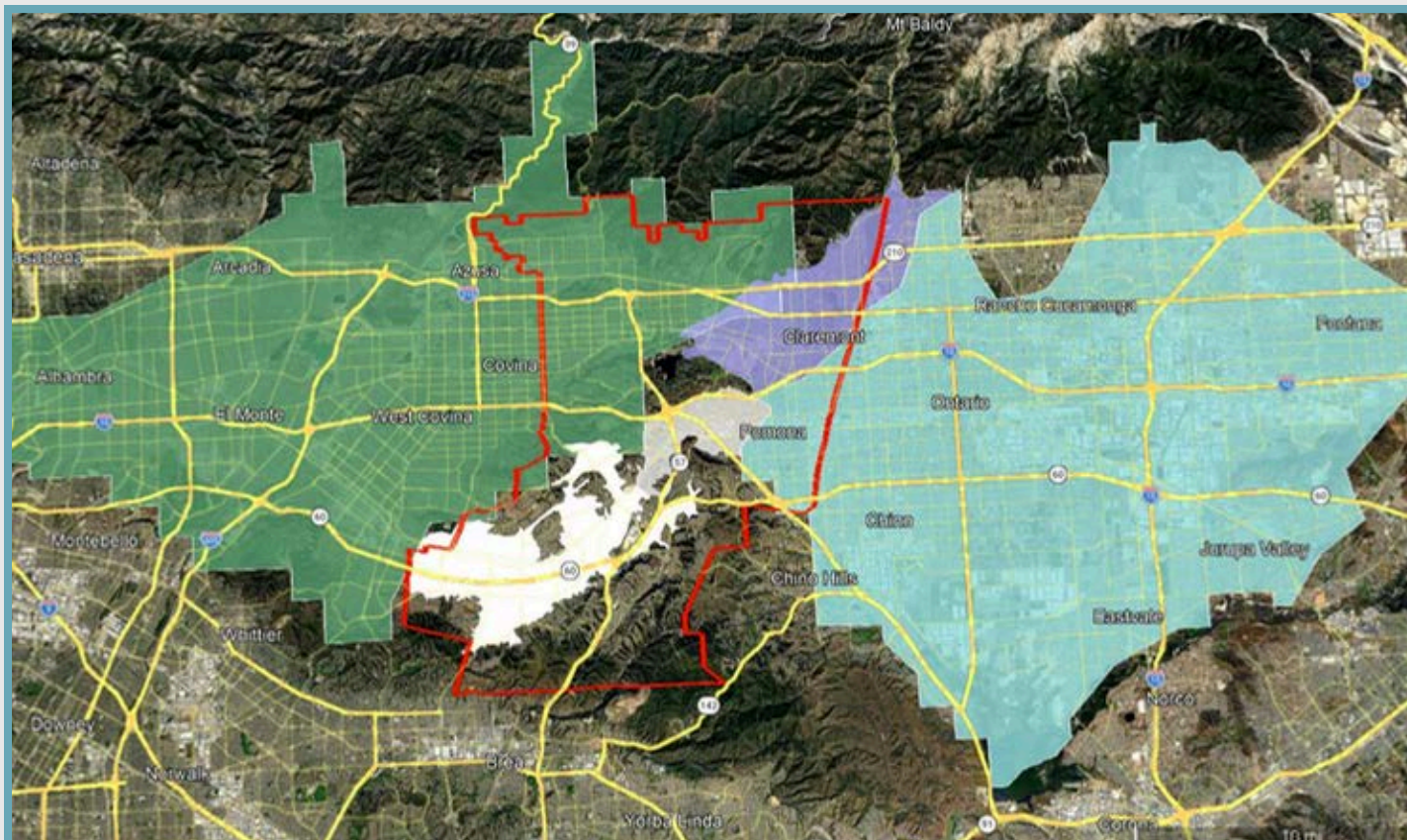
WELL 3 | CITY OF GLENDORA

04. Six Basins Groundwater Project

PBWA completed construction of the Old Baldy and Durward wells. Three Valleys will operate the system and amend its operational permit accordingly. A technical memorandum for blending operations has been completed to support permitting with the Division of Drinking Water. Staff will continue to work to develop an operational plan to meet regulatory permitting requirements. The project is fully funded by PBWA, and Three Valleys will be reimbursed for all related expenses.

05. Storage and Recovery Programs

Given that the region relies on 50–60% imported water, continued investment in local supplies and diversification is critical. Three Valleys continues to advocate for increased investment in the Chino, Main San Gabriel, and Six Basins groundwater basins.





06. Water Use Efficiency Dashboard

This project will develop a dashboard to support member agencies in managing water use and complying with “Conservation as a Way of Life” regulations. The project is expected to be completed by December 2026. Total project cost is \$310,000, with \$84,400 funded through grants.

07. Service Area Boundary Reconciliation

This effort will realign service area boundaries between the City of La Verne, Metropolitan Water District, and Upper San Gabriel Municipal Water District to match LAFCO boundaries. The schedule has been delayed due to administrative review with LAFCO and Metropolitan. The funding in FYE 2027 is for studies to submit a change of organization application with LAFCO. Fees associated with the completion of the project will be included in the FYE 2028 and have not been identified as of the date of this CIP processes.

FYE 2027 Budget: \$50,000 (cost shared with Upper District; ratio to be determined).

08. CYBERSECURITY GRANT FUNDED PROJECTS

Protecting water infrastructure from cyber threats is critical to maintaining system reliability and public safety.

The State and Local Cybersecurity Grant Program includes five projects that align with the California SLCGP Cybersecurity Plan and National Institute of Standards and Technology (NIST Cybersecurity Framework).

These efforts will enhance system resilience across governance, detection, response, and recovery functions. Remaining work includes a NIST Gap Analysis.

Total Project Cost: \$250,000
(100% grant funded)



FYE 2027 PLANNING INITIATIVES

BUDGET: \$745,000

Asset Management Master Plan

A comprehensive plan will establish a proactive framework for managing the District's assets, including inventory, condition assessment, lifecycle planning, work order system integration, and GIS development. This effort will improve long-term capital planning, budgeting, and prioritization of infrastructure improvements.

FYE 2027 Budget: \$250,000

Miramar System Efficiency Studies

An evaluation of chemical feed systems and filtration systems will be conducted to identify efficiency improvements and ensure compliance with current regulatory requirements.

FYE 2027 Budget: \$195,000



Risk Assessment Study for Miramar Transmission System

A desktop analysis will prioritize findings from system inspections and develop a phased implementation plan to address vulnerabilities based on risk.

FYE 2027 Budget: \$200,000

Planning & Resource Studies	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Chemical System Efficiency	120,000				
Filters Efficiency	75,000				
Risk Assessment Study for Miramar Operations	200,000				
Asset Management Master Plan	250,000				
LAFCO Boundary	50,000				
Misc Studies	50,000	300,000	300,000	300,000	300,000
UWMP					500,000
Total	745,000	300,000	300,000	300,000	800,000

Note:

The LAFCO Boundary project and the Urban Water Management Plan (UWMP) are projects that are cost shared with partnering agencies; the budget shown above is the total project cost

CAPITAL PROJECTS

The Capital Improvement Program represents Three Valleys' strategic investment in infrastructure to support long-term operational reliability, system flexibility, and regional water supply resilience. The program includes both continuing projects carried forward from prior planning cycles and new projects identified through recent condition assessments, operational needs, and planning efforts. These projects are prioritized to address aging infrastructure, improve treatment and distribution system performance, enhance operational technology, and support coordination with regional partners.

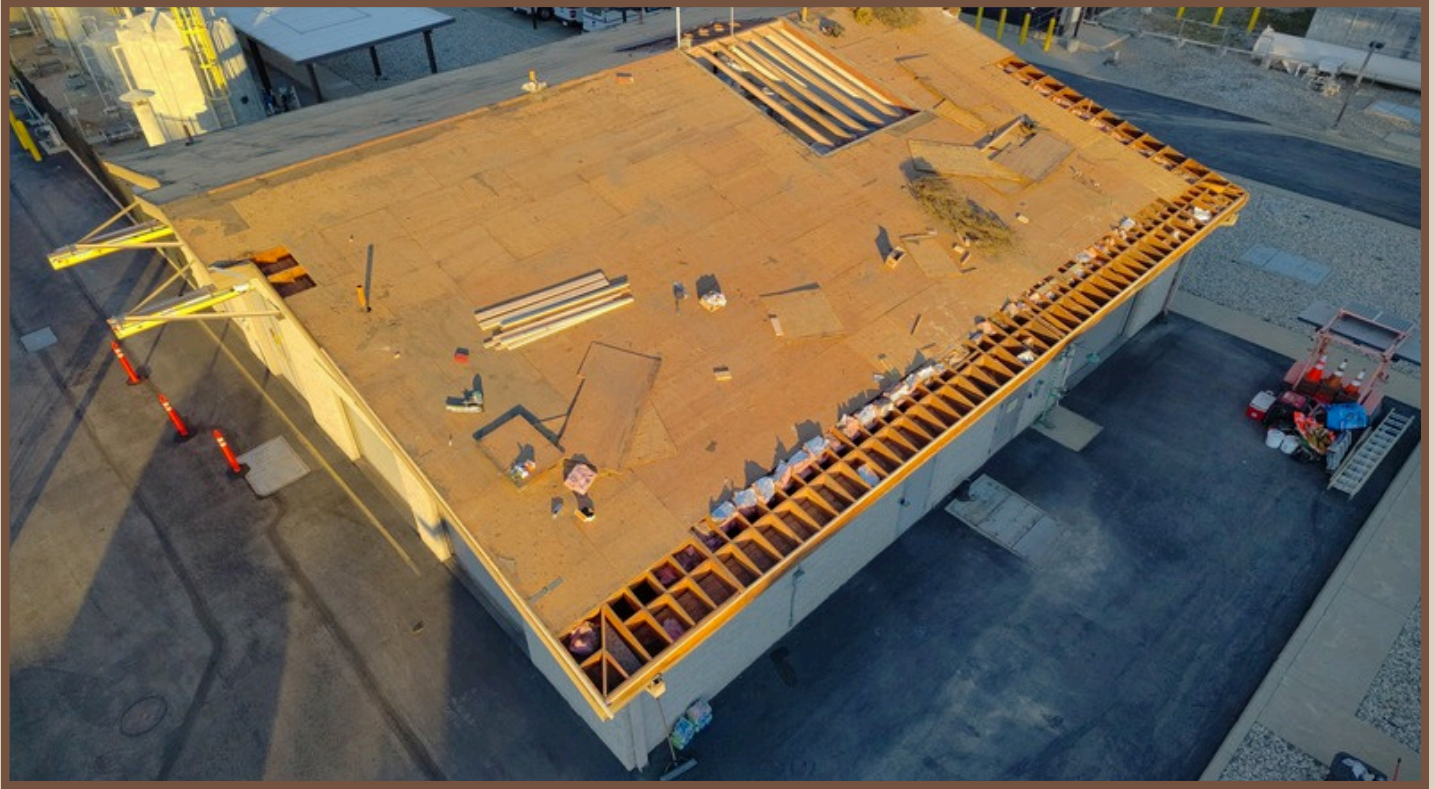
The District considers the benefit of capital projects within the context of its regional system and service to all member agencies. Capital improvements are planned to support systemwide reliability, efficiency, and flexibility, and generally provides shared benefits across the entire service area. Projects that are unique in nature through partnership or for the benefit of a subset of agencies are identified at a project level in the following sections.



ADMINISTRATIVE BUILDING ROOF REPLACEMENT

PROJECT COMPLETED: SPRING 2026

ADMINISTRATIVE BUILDING ROOF REPLACEMENT CONSTRUCTION PHASE



The following sections provide an overview of the Capital Repair & Replacement Program and the Capital Improvement Program, highlighting key investments that will maintain and strengthen the District's ability to deliver reliable supplemental water supplies to its service area. The total capital investment over the next five years is \$17.6 million and funded in its entirety by property tax revenues.

This CIP distinguishes between:

- Projects completed in FYE 2026
- Projects in Progress — previously approved and ongoing
- New Projects — introduced in this CIP cycle

HIGHLIGHTS OF CAPITAL PROJECTS COMPLETED IN FYE 2026

Miramar Administration Building Improvements

Roof replacement, the first phase of the Project, was completed in Winter 2026. Total Project Cost: \$484,422.

SCADA and Communication Systems

The project to replace the radios and the programmable logic controllers was awarded the contract in October 2025, with an estimated completion date of June 2026. Total Project Cost: 330,000.

Office Furniture Replacement

The project was completed in December 2025. Total Project Cost: \$240,000.



PLC REPLACEMENT
@ BELT FILTER PRESS
DURING 2026 PLANT SHUTDOWN



OFFICE FURNITURE REPLACEMENT



GRAND AVE WELL MOTOR REHABILITATION





CAPITAL PROJECTS IN PROGRESS

The following projects are in various stages of implementation and will be carried forward into the next fiscal year



PM-21 Miramar Bypass Meter

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 resulted in 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. Isolation valves on the bypass line was completed in March 2026, with the final magmeter installation expected in 2027. Total Project Cost: \$2,300,000. The existing project budget will be carried to the next fiscal year, without new allocations.



Reservoir Inlet Gate Valve

The reservoir inlet valves installation was completed during the annual treatment plant shutdown; the valve actuators are expected to be completed by summer 2026. The existing project budget will be carried to the next fiscal year, without new allocations.

Well 2 VFD Equipping Project

The construction contract was awarded in February 2026. The project is expected to be completed by FYE 2028 with a total project budget of \$350,000. The existing project budget will be carried to the next fiscal year, without new allocations.

Padua Property Acquisition

A property northeast of Baseline Road and Padua Avenue is in the process of being acquired by Three Valleys. The property will be utilized for a pump station to boost water either from the future Metropolitan's Pure Water Southern California or San Gabriel Valley MWD's pipeline during Rialto Feeder shutdown events. The property negotiation has been ongoing since 2018 and is in the final stages of negotiations. The property acquisition is expected to be completed by FYE 2027. Total Project Cost: \$650,000. The existing project budget will be carried to the next fiscal year, without new allocations.



Strategic Priority Objective Reliable Water Supply

Three Valleys aims to provide an adequate, reliable and high-quality water supply through: water quality, diverse portfolio, infrastructure reliability, operational efficiency and advocacy.

Miramar Pumpback Upgrades

The project was initiated to increase system flexibility by moving water from Colorado River [MWD's Weymouth Treatment Plant] into the Miramar Distribution normally served by the State Water Project from Three Valleys' Miramar Treatment Plant. The project addresses Metropolitan's supply constraints with the State Water Project while also providing benefit to SWP dependent agencies. The project is envisioned to be fully funded by Metropolitan and provides benefit to not only the Three Valleys' service area but the Metropolitan Water District's entire service area. If a cost share for Three Valleys is determined at a later date, the project cost will be updated at that time. ***Total Project Cost: \$7,400,000, with the cost share for the project yet to be developed with Metropolitan.***

South Carport and Patio Cover Replacement

The project was initiated to replace the south carport to address aging infrastructure, raise the height of the carport to accommodate District vehicles. The project scope was then increased to add the patio cover replacement because of the Miramar Administration Building roof replacement project. The project schedule has been delayed and will be completed in FYE 2027. The existing project budget will be carried to the next fiscal year.



Asphalt Repairs & Maintenance

The project was initiated to crack fill and sealcoat the asphalt pavement around the District's facilities and restripe parking spaces. This will maintain the existing asphalt pavement and prevent further damage due to wear and tear. The project schedule has been delayed and will be completed in FYE 2027. The existing project budget will be carried to the next fiscal year.

NEW



CAPITAL PROJECTS

HIGHLIGHTS OF NEW PROJECTS GREATER THAN \$200,000 FOR THE PROJECTED FIVE YEAR CIP IS PROVIDED IN THE SECTION BELOW



Miramar Administration Building Improvements - Phase 2

The phase 2 project will create a master plan layout for the current and future needs of the administrative building and operational needs and address deficiencies in the HVAC system. The construction of the phase 2 facilities is phased to be implemented over the following two fiscal years, with an anticipated project completion date of FYE 2029. New budget allocation for FYE 2027 is not proposed; the design phase of the project will be completed utilizing unencumbered funds from FYE 2026.

Golden State Water Company Well 3

The scope of the project is to destroy and acquire the Golden State Water Company Well 3 on the Miramar Treatment Facility as part of the negotiation agreement between Three Valleys and Golden State Water Company as part of the Three Valleys Well 2 construction.

FYE 2027 Budget: \$300,000

SCADA and Communication System Upgrades

The project will include upgrades to physical servers, softwares, and labor associated to complete the effort. This ongoing project is needed to systemically implement projects to address vulnerabilities identified in risk assessment.

FYE 2027 Budget: \$ 300,000

Miramar System Inspection

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: **\$1,970,000. *FYE 2027 budget: \$400,000.***



Acid Feed System

The Acid Feed System project will replace aging chemical feed equipment at the Miramar Treatment Plant. The existing system is nearing the end of its useful life and presents reliability and maintenance challenges. The new system will improve dosing control, enhance safety, and support consistent treatment performance. The acid system has also been identified as a critical need to address the invasive species golden mussels that have been identified in the State Water Project that delivers water to the Miramar Treatment Facility and to the San Antonio Spreading grounds.

FYE 2027 Budget: \$1,000,000

Miramar Fencing Upgrades

The Miramar Fencing Upgrades project will enhance perimeter fencing at Miramar facilities to improve security and protect critical infrastructure consistent with previous recommendations from site risk assessments.

FYE 2030 Budget: \$400,000

CAPITAL PROJECTS | 2027 CIP

Solids Handling Improvements

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. Total Project Cost \$19 Million, FYE 2027–2035 Phased Implementation ***FYE 2027 Budget: \$75,000.***

San Antonio Spreading Grounds Improvements

This project supports future improvements to spreading grounds infrastructure to enhance groundwater recharge and regional supply reliability. Many of the appurtenances are failing and needs to be replaced. The recharge facilities operation is a vital part of the Three Valleys' supply portfolio that allows the water to be stored in the Six Basins groundwater basin.

FYE 2030–2031 Budget: \$500,000



**THREE VALLEYS MUNICIPAL WATER DISTRICT
FYE 2027 - 2031 CAPITAL IMPROVEMENT PLAN**

Repairs & Rehabilitation	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Miramar Admin Building Improvements	Rollover	2,000,000	2,000,000	2,000,000	
Miramar Fencing Upgrades	25,000			400,000	
IT/AV System Upgrades	20,000				
EOC Improvements				50,000	
Miramar Treatment Plant R&R	100,000	100,000	100,000	100,000	100,000
Filter Drain Valves	150,000				
Manways Fulton to 5th & C	200,000				
Analyzer Enclosure	50,000				
Wheeler Meter Cabinet Replacement	100,000				
Filter Water Process Pipeline	200,000				
Miramar System Inspection	400,000				
Chlorine Scrubber Cleaning	90,000				
Golden State Water Company Well 3	300,000				
Padua Property	Rollover				
Total	1,635,000	2,100,000	2,100,000	2,550,000	100,000

**THREE VALLEYS MUNICIPAL WATER DISTRICT
FYE 2027 - 2031 CAPITAL IMPROVEMENT PLAN**

CAPITAL IMPROVEMENT PROJECTS	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Acid Feed System	1,000,000				
Vehicle	60,000	70,000			
Security Systems	150,000				750,000
Miramar Pumpback	500,000	1,000,000	500,000		
Soft Water System	125,000				
Cybersecurity Improvements	100,000	100,000	100,000	100,000	100,000
Work Order System	100,000				
PM-21 Bypass Magmeter ¹	Rollover				
SCADA & Communication System Upgrades	300,000	300,000	200,000		
Traveling Bridge	70,000			300,000	700,000
Solids Handling Improvements	75,000				1,500,000
San Antonio Spreading Grounds Improvements				400,000	500,000
Total	2,480,000	1,470,000	800,000	800,000	3,550,000



SUMMARY

The capital projects spanning Fiscal Years 2027 through 2031 will maintain and improve the Miramar treatment and distribution system while advancing strategic investments in water supply reliability and operational resilience.

The CIP reflects a balanced approach between maintaining existing infrastructure and implementing new projects that address emerging needs identified through planning studies, operational assessments, and regulatory requirements. The proposed capital projects are 100% funded by property tax revenues, with a five year total of \$17,585,000.

	26/27	27/28	28/29	29/30	30/31
R & R	\$1,635,000	\$2,100,000	\$2,100,000	\$2,550,000	\$100,000
CIP	\$2,480,000	\$1,470,000	\$800,000	\$800,000	\$3,550,000
Total	\$4,115,000	\$3,570,000	\$2,900,000	\$3,350,000	\$3,650,000




THREE VALLEYS MUNICIPAL WATER DISTRICT



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**BOARD INFORMATION****BOARD OF DIRECTORS
STAFF REPORT**

To: TVMWD Board of Directors
From: Matthew H. Litchfield, General Manager 
Date: April 27, 2026
Subject: Fiscal Year 2026-2027 Budget

Staff Recommendation

No Action Necessary – Informational Item Only

Discussion

Staff will conduct a budget workshop today. Attached is the second draft of the FY 2026-2027 budget. Staff has considered the following assumptions in preparing this budget:

- This draft is based on MWD's biennial budget approved by MWD's Board on April 14, 2026 for fiscal years 2027 and 2028.
- TVMWD projected sales are based on TVMWD member agency input. Each agency provided an estimate regarding their 2026-2031 demands.
- Assumes TVMWD will maximize efficiency flows from the Miramar Plant.

Highlights of this draft budget:

Pass Through Fund

- The MWD Readiness-to-Serve Charge is increasing by \$1,719,794 for FY 2026-2027. This is primarily due to:
 - MWD allocating more costs to the Standby Charge (\$239 million for 2027 versus \$188 million for 2026)
 - TVMWD taking proportionately more water over the last 10 years than other MWD agencies (4.92% for 2027 versus 4.75% for 2026)

The standby charge collected for the fiscal year is estimated to increase from \$35.56 to \$44.48 per EDU.

- The MWD Capacity Charge is increasing by \$67,050 for the fiscal year and by \$134,100 for the calendar year 2027. This is primarily due to an increase in the rate per cfs from 14,500 in CY 2026 to 17,500 in 2027, while the allocation basis of 110.4 cfs remains unchanged.
- MWD has introduced three new treatment fixed charges effective January 1, 2027. Half of those calendar-year charges have been allocated to the FY 2026-2027 budget, in the amount of 1,511,043.

Capital Fund

- The Capital Improvement Program has been adjusted to align with available funding over the five-year period.
- Projected revenues and expenditures are both approximately \$17.6 million, resulting in a balanced program.
- This alignment reflects the deferral of certain capital projects beyond the current planning horizon, which will continue to be evaluated in the context of long-term system needs and reserve levels.

Operating Fund

- MWD's untreated water rate is increasing \$46/AF (5%). MWD's treatment surcharge is decreasing \$154/AF (-28%). These changes result in an overall decrease in the treated water rate of \$108/AF (-7%).
- 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) increase is attributable to the following:
 - Increase in salaries and benefits due to COLA and merit increases, the addition of new positions (net 2), planned retirement leave balance payouts, and increased retiree medical costs.
 - An increased volume of Planning and Resources studies.
 - Cyclical Board election costs.

TVMWD Surcharge

- The current TVMWD surcharge for 2026 is \$32. Staff proposes a TVMWD surcharge for 2027 at \$40.

TVMWD Fixed Charges

- TVMWD's fixed charges account for approximately 10% of controllable operating cost recovery. The majority of remaining recovery is driven by margin generated through

efficient treated water production at the Miramar Treatment Plant. While volumetric surcharges contribute to cost recovery, their role is comparatively limited. This margin has historically functioned as a primary funding mechanism; however, it will decline significantly in the upcoming fiscal year due to changes in Metropolitan Water District's rate structure and business model.

Reserves

The overall Board-designated reserves minimum level is \$11.0M for FY 25-26, and we currently expect to finish at \$11.5M by the end of FY 25-26. The Board-adopted *General Manager's Workplan* calls for funding of reserves to be at an aggregate level of \$20.8M by the end of FY 2030, which is projected to require further rate increases beyond those presented in the draft budget and could be impacted by the deferral of CIP.

Summary

Based on this first draft of the budget, TVMWD expects to require a surcharge of \$40 per acre foot in addition to the MWD rate for 2027.

This item will be discussed with TVMWD's member agency managers on May 13th and brought back for board approval on May 20th.

Fiscal Impact

The preliminary draft budget reflects total projected revenues of approximately \$95.0 million and total proposed appropriations of approximately \$93.3 million. The draft currently reflects a projected surplus of \$1.7 million. These amounts are subject to change as revenue projections, expenditure estimates, and policy direction are refined prior to formal budget adoption.

Environmental Impact

None

Strategic Plan Objective(s)

- 2.1 – Financial Stability
- 2.2 – Accountability
- 2.3 – Public Engagement
- 2.5 – Operational Strategies

Attachment(s)

- Exhibit A – FY 2026-2027 Budget Draft – Workshop #2
- Exhibit B – Member Agency Charges 2027 – Workshop #2

Meeting History

Board of Directors Meeting, March 4, 2026, Workshop #1

Member Agency Managers, March 11, 2026, Workshop #1

Board of Directors Meeting, April 1, 2026, MWD Budget Status Update

NA/EG



FY 2026/27 TVMWD BUDGET DRAFT										
	FY 2025/26 Budget	FY 2025/26 Projected	FY 2026/27 Budget	Pass Through Activities	Operating Activities	Capital Program	FY 2027/28 Budget	FY 2028/29 Budget	FY 2029/30 Budget	FY 2030/31 Budget
REVENUES										
Water Sales	79,008,339	80,801,217	77,924,471		77,924,471		77,885,462	86,267,446	97,401,925	104,905,214
Standby Charge/RTS Charges	6,865,400	6,566,138	8,563,905	8,563,905			10,204,114	10,574,617	11,215,811	11,215,811
Treatment Used Standby Capacity Charge	-	-	169,884	169,884			339,767	353,940	368,704	384,085
Treatment Remaining Standby Capacity Charge	-	-	815,440	815,440			1,630,879	1,698,910	1,769,779	1,843,604
Capacity Charge Assessment	1,699,350	1,699,350	1,766,400	1,766,400			2,264,760	2,464,373	2,676,602	2,914,843
Treatment Peaking Capacity Charge	-	-	525,720	525,720			1,051,440	1,095,300	1,140,990	1,188,585
Property Taxes	3,304,974	3,437,745	3,356,483			3,356,483	3,440,395	3,526,405	3,614,565	3,704,929
Fixed Charge Assessment	1,186,421	1,186,421	1,264,667		1,264,667		1,535,733	1,632,181	1,704,005	1,503,503
Hydroelectric Sales	250,000	-	250,000		250,000		250,000	250,000	250,000	250,000
Interest Income	215,000	424,417	375,000		375,000		375,000	375,000	375,000	375,000
Pumpback O&M	10,000	-	10,000	10,000			10,000	10,000	10,000	10,000
Grants and Other Revenue	-	76,722	-		-		-	-	-	-
TOTAL REVENUES	92,539,483	94,192,010	95,021,969	11,851,348	79,814,138	3,356,483	98,987,550	108,248,173	120,527,380	128,295,573
EXPENSES										
Water Purchases	67,352,395	70,301,548	64,526,256		64,526,256		66,061,576	73,543,917	83,688,855	90,331,641
MWD RTS Charge	6,865,400	6,566,138	8,563,905	8,563,905			10,204,114	10,574,617	11,215,811	11,215,811
Treatment Used Standby Capacity Charge	-	-	169,884	169,884			339,767	353,940	368,704	384,085
Treatment Remaining Standby Capacity Charge	-	-	815,440	815,440			1,630,879	1,698,910	1,769,779	1,843,604
MWD Capacity Charge	1,699,350	1,699,350	1,766,400	1,766,400			2,264,760	2,464,373	2,676,602	2,914,843
Treatment Peaking Capacity Charg	-	-	525,720	525,720			1,051,440	1,095,300	1,140,990	1,188,585
Salaries & Benefits	6,907,835	6,490,622	7,716,314		7,716,314		7,821,854	8,231,074	8,590,092	8,967,229
Professional & Contracted Services	1,454,000	1,301,351	1,832,898		1,832,898		1,909,356	1,989,003	2,071,973	2,158,404
Utilities	287,400	155,426	453,050	10,000	443,050		471,949	491,636	512,144	533,507
Insurance	225,629	245,040	289,000		289,000		301,055	313,614	326,696	340,324
Repairs & Maintenance	352,000	544,812	412,976		412,976		430,203	448,149	466,843	486,317
Supplies & Materials	1,400,300	875,730	1,267,240		1,267,240		1,320,102	1,375,169	1,432,533	1,492,290
Equipment & Technology	209,000	79,314	249,500		249,500		259,908	270,750	282,044	293,809
Regulatory & Intergovernmental	123,000	105,509	82,054		82,054		85,477	89,042	92,757	96,626
Board Elections	90,000	90,000	284,000		284,000		-	298,000	-	313,000
Professional Development	209,825	92,102	207,148		207,148		215,789	224,790	234,167	243,936
Contributions & Sponsorships	35,000	-	35,000		35,000		36,460	37,981	39,565	41,216
Capital Repair and Replacement	2,900,000	1,870,556	1,635,000			1,635,000	2,100,000	2,100,000	2,550,000	100,000
Capital Investment Program	530,000	1,567,189	2,480,000			2,480,000	1,470,000	800,000	800,000	3,550,000
Transfer to Reserves	300,000	300,000								
TOTAL EXPENSES	90,941,133	92,284,688	93,311,783	11,851,348	77,345,436	4,115,000	97,974,688	106,400,265	118,259,553	126,495,224
NET INCOME (LOSS) BEFORE TRANSFERS	1,598,349	1,907,322	1,710,185	-	2,468,702	(758,517)	1,012,862	1,847,909	2,267,827	1,800,349
	CY 2026		CY 2027				CY 2028	CY 2029	CY 2030	CY 2031
MWD RATE	\$ 1,528		\$ 1,420				1,514	1,773	1,927	2,082
TVMWD SURCHARGE	\$ 32		\$ 40				48	56	64	72
TVMWD RATE	\$ 1,560		\$ 1,460				\$ 1,562	\$ 1,829	\$ 1,991	\$ 2,154
ANNUAL FIXED CHARGE	\$ 1,054,150		\$ 1,475,184				\$ 1,596,282	\$ 1,668,081	\$ 1,739,928	\$ 1,826,925

MWD READINESS-TO-SERVE CHARGE SUMMARY**EFFECTIVE JANUARY 2027**

AGENCY	EDU	ANNUAL CHARGE	Semi-annual CHARGE	%
Boy Scouts of America	11	162	81	0.01%
City of Covina	2,359	35,483	17,742	1.22%
City of Glendora	18,715	281,504	140,752	9.70%
City of La Verne	12,884	193,801	96,901	6.68%
City of Pomona	47,662	716,912	358,456	24.71%
Golden State Water Company - Claremont	16,132	242,647	121,324	8.36%
Golden State Water Company - San Dimas	22,747	342,160	171,080	11.79%
Rowland Water District	23,920	359,802	179,901	12.40%
Suburban Water Systems	9,491	142,761	71,381	4.92%
Covina Valley Water Co.	1,115	16,767	8,384	0.58%
Walnut Valley Water District	37,860	569,481	284,740	19.63%
Total:	192,896	2,901,480	1,450,740	100%

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. Calculation subject to change per Engineer's Report for Water Standby Charge Assessment.

MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2027

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts/ City of Industry	0.3	\$ 5,802	\$ 483	0.30%
Cal Poly	0.6	\$ 11,139	\$ 928	0.58%
Covina	3.5	\$ 60,875	\$ 5,073	3.15%
Covina Valley Water Co.	11.0	\$ 191,692	\$ 15,974	9.92%
Glendora	3.5	\$ 61,782	\$ 5,148	3.20%
Joint Water Line (JWL)	19.5	\$ 341,943	\$ 28,495	17.70%
La Verne	13.0	\$ 227,361	\$ 18,947	11.77%
Mt. Sac	0.8	\$ 14,631	\$ 1,219	0.76%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	7.5	\$ 132,112	\$ 11,009	6.84%
GSWC (Claremont)	15.6	\$ 272,333	\$ 22,694	14.10%
GSWC (San Dimas)	12.1	\$ 212,036	\$ 17,670	10.97%
Suburban	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	22.9	\$ 400,296	\$ 33,358	20.72%
TOTAL	110.4	\$ 1,932,000	\$ 161,000	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 2023, 2024, and 2025.
2. The MWD Capacity Charge basis of 110.4 cfs at 17,500 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

TVMWD FIXED CHARGES SUMMARY - PROPOSED
EFFECTIVE JANUARY 2027

AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METERS			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts / City of Industry	27.5	\$ 288	0.06%	1.5	\$ 1,810	0.37%	256.0	\$ 492	0.10%	\$ 2,590
Cal Poly	139.6	\$ 1,460	0.30%	2.0	\$ 2,413	0.49%	2,560.0	\$ 4,917	1.00%	\$ 8,790
Covina	86.3	\$ 902	0.18%	20.0	\$ 24,134	4.91%	3,889.8	\$ 7,472	1.52%	\$ 32,508
Covina Valley Water Co. (CVWC ws)	4,733.0	\$ 49,499	10.07%	20.0	\$ 24,134	4.91%	0.0	\$ -	0.00%	\$ 73,633
Glendora	384.7	\$ 4,023	0.82%	40.0	\$ 48,268	9.82%	27,733.5	\$ 53,272	10.83%	\$ 105,563
Joint Water Line (JWL)	15,805.2	\$ 165,295	33.62%	121.0	\$ 146,010	29.69%	0.0	\$ -	0.00%	\$ 311,305
La Verne	4,429.2	\$ 46,322	9.42%	15.0	\$ 18,100	3.68%	21,279.5	\$ 40,875	8.31%	\$ 105,297
Mt. Sac	324.9	\$ 3,398	0.69%	5.0	\$ 6,033	1.23%	2,560.0	\$ 4,917	1.00%	\$ 14,349
Pomona	0.0	\$ -	0.00%	20.0	\$ 24,134	4.91%	46,058.0	\$ 88,471	17.99%	\$ 112,604
Rowland Water District	3,002.0	\$ 31,396	6.38%	30.0	\$ 36,201	7.36%	23,765.5	\$ 45,650	9.28%	\$ 113,247
GSWC (Claremont)	3,652.2	\$ 38,196	7.77%	15.0	\$ 18,100	3.68%	28,204.0	\$ 54,176	11.02%	\$ 110,472
GSWC (San Dimas)	6,796.5	\$ 71,079	14.46%	35.0	\$ 42,234	8.59%	33,247.5	\$ 63,863	12.99%	\$ 177,177
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	16,903.5	\$ 32,469	6.60%	\$ 32,469
Covina Valley Water Co. (CVWC rt)	0.0	\$ -	0.00%	4.0	\$ 4,827	0.98%	1,612.4	\$ 3,097	0.63%	\$ 7,924
Walnut Valley Water District	7,636.9	\$ 79,869	16.24%	79.0	\$ 95,329	19.39%	47,925.5	\$ 92,058	18.72%	\$ 267,256
TOTAL	47,018.0	\$ 491,728	100%	407.5	\$ 491,728	100%	255,995	\$ 491,728	100%	\$ 1,475,184

Notes:

1. The Imported Water Use Charge is based on average import water deliveries in the 2022/23, 2023/24 & 2024/25 fiscal years.
2. Connected Capacity for the Badillo-Grand Pipeline is according to WVWD's maintenance allocation: WVWD 60 cfs and Covina Valley Water Company

TVMWD FIXED CHARGES SUMMARY - PROPOSED

EFFECTIVE JANUARY 2027

3. *BSA/City of Industry 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*
4. *Covina, Glendora, and Covina Valley Water Company (VH) ESM Charges are calculated based on 27%, 98%, and 67%, respectively, of their ESMs. Percentages are based on agencies' service area within TVMWD.*
5. *Fire Service Meters are not included in the ESM calculations*

TREATMENT PEAKING CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2027

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts/ City of Industry	0.1	\$ 3,505	\$ 292	0.33%
Cal Poly	0.2	\$ 6,730	\$ 561	0.64%
Covina	1.1	\$ 36,779	\$ 3,065	3.50%
Covina Valley Water Co. (CVWC ws)		\$ -	\$ -	0.00%
Glendora	1.1	\$ 37,327	\$ 3,111	3.55%
Joint Water Line (JWL)	6.1	\$ 206,591	\$ 17,216	19.65%
La Verne	4.1	\$ 137,364	\$ 11,447	13.06%
Mt. Sac	0.3	\$ 8,840	\$ 737	0.84%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	2.4	\$ 79,818	\$ 6,651	7.59%
GSWC (Claremont)	4.9	\$ 164,535	\$ 13,711	15.65%
GSWC (San Dimas)	3.8	\$ 128,106	\$ 10,675	12.18%
Suburban	0.0	\$ -	\$ -	0.00%
Covina Valley Water Co. (CVWC rt)	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	7.2	\$ 241,846	\$ 20,154	23.00%
TOTAL	31.2	\$ 1,051,440	\$ 87,620	100.00%

Notes:

1. The MWD TPCC is paid by each member agency based on TVMWD's allocation of the specific non-coincidental peak calculation over a three year period 2023, 2024, and 2025.
- 2 The MWD Capacity Charge basis of 31.2 cfs at 33,700 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

**MWD TREATMENT USED STANDBY CAPACITY CHARGE
SUMMARY
EFFECTIVE JANUARY 2027**

AGENCY	EDU	TUSCC (annual)	TUSCC (monthly)	%
Boy Scouts of America	11	19	2	0.01%
City of Covina	2,359	4,155	346	1.22%
City of Glendora	18,715	32,965	2,747	9.70%
City of La Verne	12,884	22,694	1,891	6.68%
City of Pomona	47,662	83,951	6,996	24.71%
Golden State Water Company - Claremont	16,132	28,414	2,368	8.36%
Golden State Water Company - San Dimas	22,747	40,067	3,339	11.79%
Rowland Water District	23,920	42,133	3,511	12.40%
Suburban Water Systems	9,491	16,718	1,393	4.92%
Covina Valley Water Co.	1,115	1,963	164	0.58%
Walnut Valley Water District	37,860	66,687	5,557	19.63%
Total:	192,896	339,767	28,314	100%

TUSCC represents the cost of maintaining treated water capacity required to meet sustained demand levels above average annual usage. TVMWD allocates TUSCC to member agencies based on each agency's share of treated water service capacity using the District's RTS/EDU methodology.

MWD TREATMENT REMAINING STANDBY CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2027

AGENCY	EDU	TRSCC (annual)	TRSCC (monthly)	%
Boy Scouts of America	11	91	8	0.01%
City of Covina	2,359	19,945	1,662	1.22%
City of Glendora	18,715	158,229	13,186	9.70%
City of La Verne	12,884	108,933	9,078	6.68%
City of Pomona	47,662	402,966	33,580	24.71%
Golden State Water Company - Claremont	16,132	136,388	11,366	8.36%
Golden State Water Company - San Dimas	22,747	192,323	16,027	11.79%
Rowland Water District	23,920	202,239	16,853	12.40%
Suburban Water Systems	9,491	80,244	6,687	4.92%
Covina Valley Water Co.	1,115	9,425	785	0.58%
Walnut Valley Water District	37,860	320,097	26,675	19.63%
Total:	192,896	1,630,879	135,907	100%

TRSCC represents the cost of maintaining treated water system storage capacity that provides operational flexibility and reliability across the regional system. TVMWD allocates TRSCC to member agencies based on each agency's share of treated water service capacity using the District's RTS/EDU methodology.