



THREE VALLEYS
MUNICIPAL WATER DISTRICT

**ANNUAL OPERATING &
CAPITAL IMPROVEMENT BUDGET
FY 2024-2025**



1021 E MIRAMAR AVE, CLAREMONT, CA 91711

MISSION STATEMENT

SUPPLEMENT AND ENHANCE LOCAL WATER SUPPLIES TO MEET OUR REGION'S NEEDS IN A RELIABLE AND COST EFFECTIVE MANNER.



VISION STATEMENT

TVMWD STRIVES TO BE A REGIONAL LEADER THROUGH ADVOCACY ENGAGEMENT AND INNOVATION TO SERVE THE GENERATIONS, NOW AND INTO THE FUTURE.



TABLE OF CONTENTS

Budget Message	1-4		
DISTRICT OVERVIEW	5	CAPITAL IMPROVEMENT	26-41
About TVMWD	6		
District Profile	7		
District Map	8		
Board of Directors	8		
Organizational Chart	9		
Goals & Priorities	10		
BUDGET COMPONENTS	11	FINANCIAL POLICIES	42-46
Internal Control Structure	12		
Budget Basis	12		
Water Rates and District Revenues	12		
Debt Administration	12		
Budget Amendments	13		
Budget Process	13		
Budget Timeline	14		
REVENUE SECTION	15-16		
Revenue Highlights	17		
Retail Water Sales & Readiness to Serve (RTS)	18		
Capacity Maintenance Charge	19		
Taxes & Assessments	19		
Grant/Bond Proceeds			
EXPENDITURE SECTION	20-21		
Expenditure Highlights	22		
Operations Department	23		
Planning & Resources Department	23		
Staffing	24		
Wages & Benefits	24		
Personnel	25		

To the Honorable Board of Directors and Member Agencies:

We are pleased to present the Fiscal Year 2024-25 Budget and the Capital Improvement Plan (CIP) for Fiscal Years 2024-25 to 2028-29. This budget represents a balanced approach to addressing the opportunities and challenges that lie ahead. It prioritizes funding for efficient operations, timely infrastructure upgrades, and the proactive recruitment of key positions to support our succession planning. The development of this budget was a collaborative effort, ensuring we provide the highest level of service to our communities while tackling rising costs. Both the Budget and CIP align with our District's vision and strategic priorities, reflecting the Board-adopted goals of fiscal responsibility, a reliable water supply, and a strong organizational culture.

Economic Condition and Industry Outlook

As we prepared this budget, we recognized that challenges such as rising construction costs, stagnant water sales, and aging infrastructure are ongoing concerns that will continue to influence budgets. Building District reserves will require time but will ultimately provide the flexibility needed to navigate unforeseen challenges.

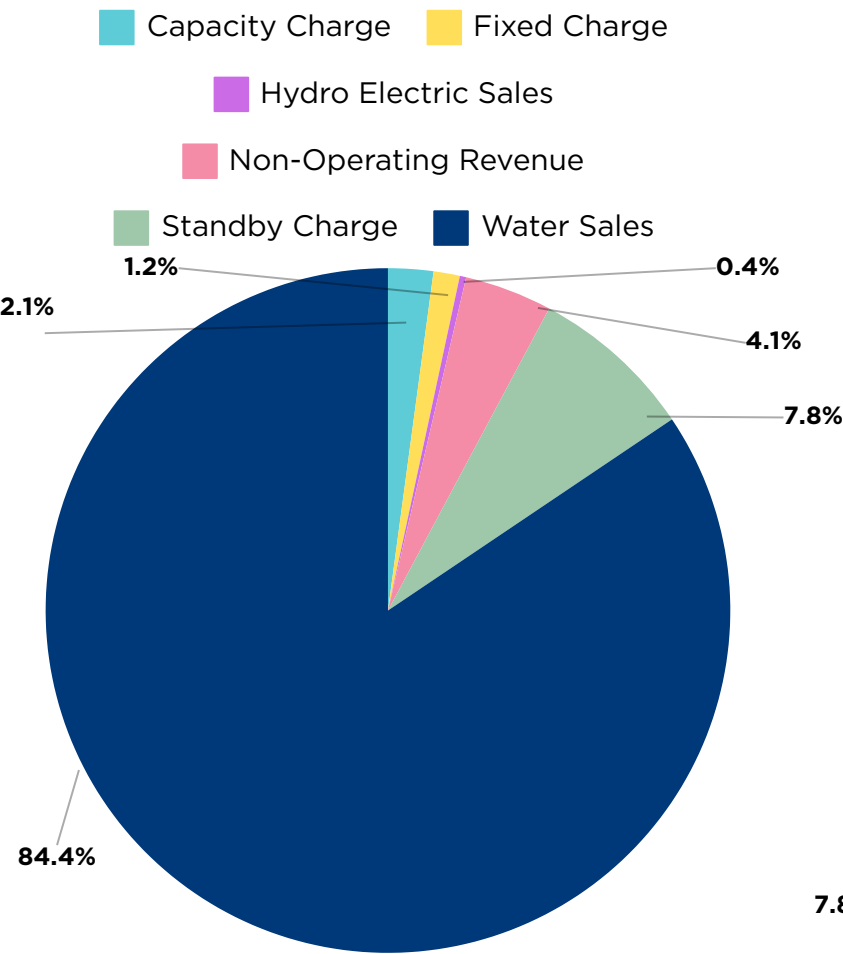
Each year, we conduct a thorough review of operational needs and long-term financing for capital projects aimed at infrastructure development and replacement. Our Budget focuses on identifying financial resources and spending strategies. With a thoughtful and strategic approach, we strive to meet our community's needs while maintaining fiscal responsibility and a forward-looking perspective.

Financial Highlights

The total revenue for the FY 2024-25 budget is \$79.8 million, reflecting an increase of \$8.4 million (11.8%) from the prior fiscal year. The sale of treated water is the largest contributor to higher budgeted revenues. TVMWD projected water sales are based on TVMWD member agency input at 54,600-acre feet. Each agency provided an estimate regarding their 2024-2029 year demands.

The Metropolitan Water District of Southern California (MWD) adopted a two-year budget on April 9, 2024, for calendar years (CY) 2025 and 2026. MWD's adopted rates become effective on January 1 of each CY and are passed through to TVMWD's customers. 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 TVMWD include increases to the untreated water rate by 1% and treated water rate by 11%. Other adopted rates include an 8% increase in readiness-to-serve charges and a 16% increase in capacity charges. The budgeted total operating expense for FY 2024-25 is \$79.1 million, representing an increase of \$8.1 million from the prior fiscal year. An expected change in future revenue streams due to reduced demand for imported water makes finding ways to streamline operations, create efficiencies, and reduce or maintain costs critical elements in the budget process. Although costs were reviewed and evaluated to reduce, eliminate, or delay proposed expenditures during the FY 2024-25 budget process, budgeted expenditures increased to meet the Board's strategic goals and commitments to our customers. One of the most significant increases in expenditure is in untreated and treated water costs.

FY 2025 Revenues



Expenditures

Three Valleys allocates its revenue to support daily operations, with the surplus being reinvested into capital improvement projects or other reserve allocations, in line with District policy, to ensure the long-term stability and sustainability of the District.

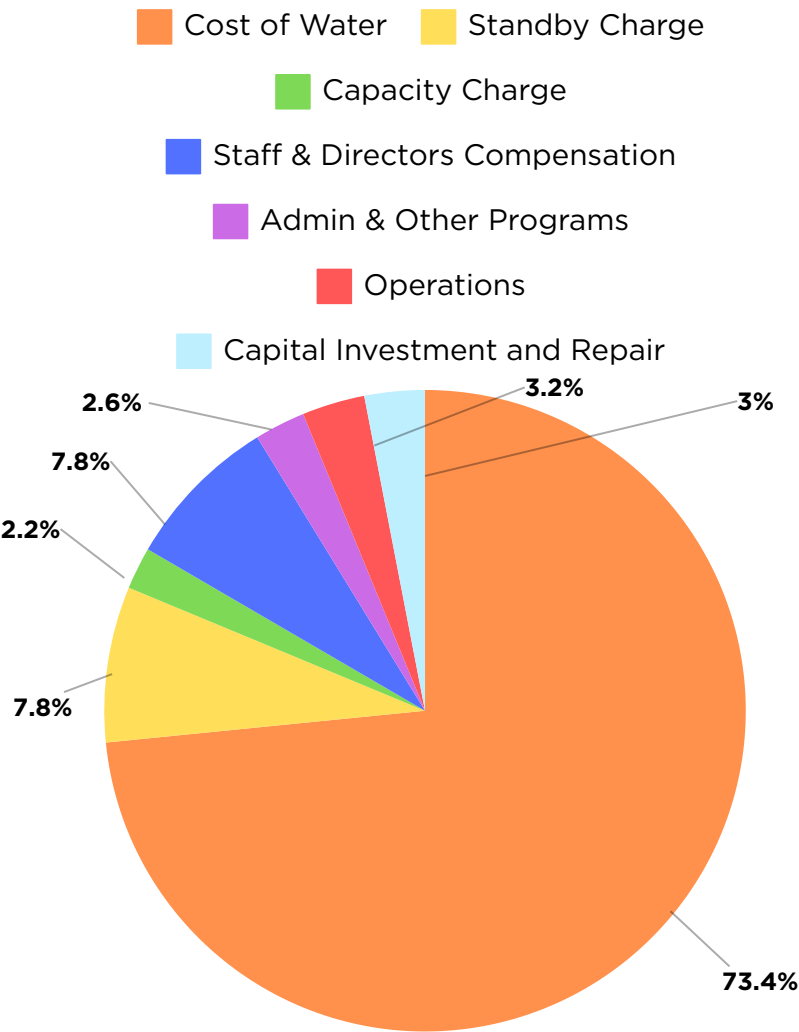
Overall expenditures are budgeted to decrease by approximately \$0.8 million in FY 2024-25 as compared to FY 2023-24. The decrease in expenditures are primarily due to Capital projects decreasing; In FY 23-24 there was an emergency leak repair that increased the Capital Projects by \$1.7 million. TVMWD used capital project reserves to fund the emergency leak repair.

Revenues

Projected revenues for FY 2025 are expected to total \$79.8 million, reflecting a \$227,000 increase compared to the budgeted revenues for FY 2024.

Non-operating revenues for FY 2025 are forecasted at \$3.3 million.

FY 2025 Expenditures



Staffing

The approved FY 2025 Budget includes the District’s Staffing Plan, which proposes a title change for the Accountant Technician to better align with the department needs. Additionally, the Staffing Plan introduces one new full-time position, the Information Technology Analyst, to address a staffing need. This recommendation increases the FY 2025 Budget by 1.0 full-time equivalent (FTE), bringing the District’s total to 25 FTE employees.

Wages and Benefits

Staff Compensation is 8% higher than the prior year due to an increase in Consumer Price Index (CPI) and benefits.

Capital Improvements

Three Valley’s Capital Improvement Projects for FY 2025 is budgeted at \$2.4 million. This is split between Capital Repair & Replacement of \$1.0 million and Capital Investment Program of \$1.4 million respectively.

Capital Repair and Replacement has a few projects to note:

- Building Upgrades
- Unplanned R&R Improvements
- Filter Drain Valves
- Treatment System Enclosures
- Parking Space covers
- Surface Backwash Replacement

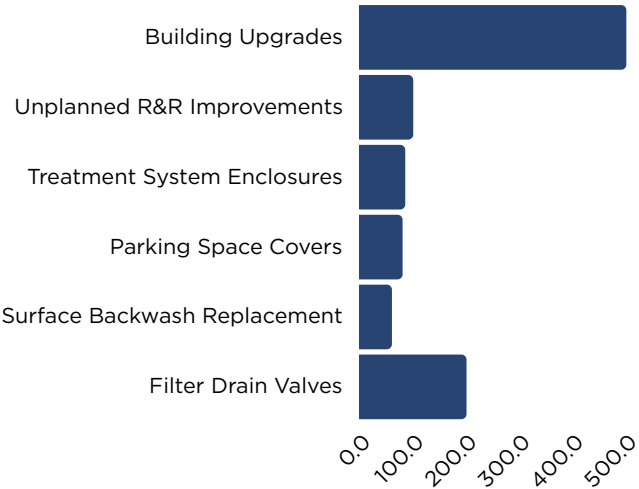
Capital Improvement has a few projects to note:

- Security Equipment
- Padua Pump Station
- PM-21 Bypass Magmeter
- Accounting Software
- Vehicle
- SCADA & Com Systems
- IT AV System Updgrade
- Office Furniture
- Groundwater Reliability

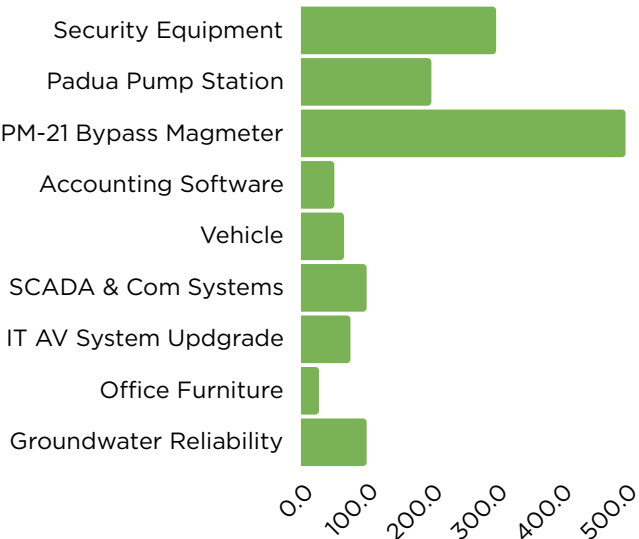
Classification FY 2024	Classification FY 2025
Accountant Technician	Finance Analyst

Classification	FY 2024	FY 2025
IT Analyst	0	1

FY 2025 Capital Repair & Replacement (in thousands)



FY 2025 Capital Improvement Program (in thousands)



CONCLUSION

At Three Valleys, we have always adapted to changing water supply conditions, and adaptability has never been more important than now. In the past 20 years, we have experienced wild swings in precipitation and snowpack levels that have tested our water supply resiliency. Addressing the uncertainties of climate change will require creativity to advance a broad portfolio of initiatives. This will include the development of sustainable local groundwater programs, storage, water use efficiency, and State-level advocacy for a comprehensive water management strategy that will develop additional supplies instead of solely managing for scarcity. Our Budget is a strategic roadmap for success. Our dedicated Board of Directors and hard-working staff members are what drive us to stay squarely focused on the mission of Three Valleys and keep the water flowing! Developing creative solutions, fostering a culture that rewards staff success, providing top-notch customer service to our member agencies, as well as fortifying the public's trust, is of paramount importance for our long-term aspirations and goals.

As the General Manager of Three Valleys, I am wholeheartedly committed to these principles as we move forward.

Respectfully submitted,



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

DISTRICT OVERVIEW



THREE VALLEYS

Three Valleys Municipal Water District (Three Valleys or District) was formed in 1950, in response to recurring water shortages and an expanding population, to provide its service area with a reliable supply of regional and locally developed water.

Three Valleys fulfills its mission by importing and distributing water obtained from the Metropolitan Water District of Southern California (Metropolitan) to its 13 member agencies; Boy Scouts of America, California State Polytechnic University at Pomona, Cities of Covina, Glendora, La Verne, Pomona, Golden State Water Company (Claremont and San Dimas systems), Mount San Antonio College, Rowland Water District, Suburban Water Systems, Valencia Heights Water Company, and Walnut Valley Water District.

Three Valleys is one of 26 member agencies of Metropolitan. The District's water supply sources consist of untreated and treated imported water purchased from Metropolitan and groundwater from the Six Basins groundwater basin, with imported water accounting for the majority of Three Valleys' supply. Water purchased from Metropolitan comes from the Colorado River Aqueduct and the State Water Project (SWP).

Of the 13 member agencies, three utilize recycled water, and five utilize surface water supplies. The remainder use a combination of imported water and groundwater. Two of our member agencies are in SWP dependent area, meaning they cannot receive Colorado River supplies from Metropolitan, and are solely dependent on imported water from the SWP.

GOVERNANCE

The District is governed by a seven-member Board of Directors, each elected to overlapping four-year terms. The Board is responsible for setting the strategic direction and policies for the District. A General Manager, appointed by the Board, is tasked with managing the day-to-day operations and administration of the District.

IMPROVEMENT & PLANNING

The Agency has been modernizing its facilities, looking for a holistic approach to improving the facility.

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 Miramar hydroelectric generators are nearing 40 years of service and require a reassessment of its structural and mechanical integrity.

FUNDING

Due to the District's stable financial position, rate increases have been moderate. These adjustments generate sufficient revenue to stay ahead of inflation, cover rising operational costs, and fund necessary facility improvements. Currently Three Valleys has no long term debt obligations.

DISTRICT PROFILE



Established in
1950



District Service Area:
133 Square Miles
20 Communities Served



Wholesale water
service to 13 member
agencies

OUR FACILITIES



4 Active
Groundwater Wells



5 Hydroelectric
Power Generators

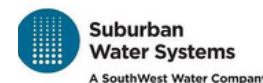


Treatment Plant
26 TAFY
thousand acre-feet per year

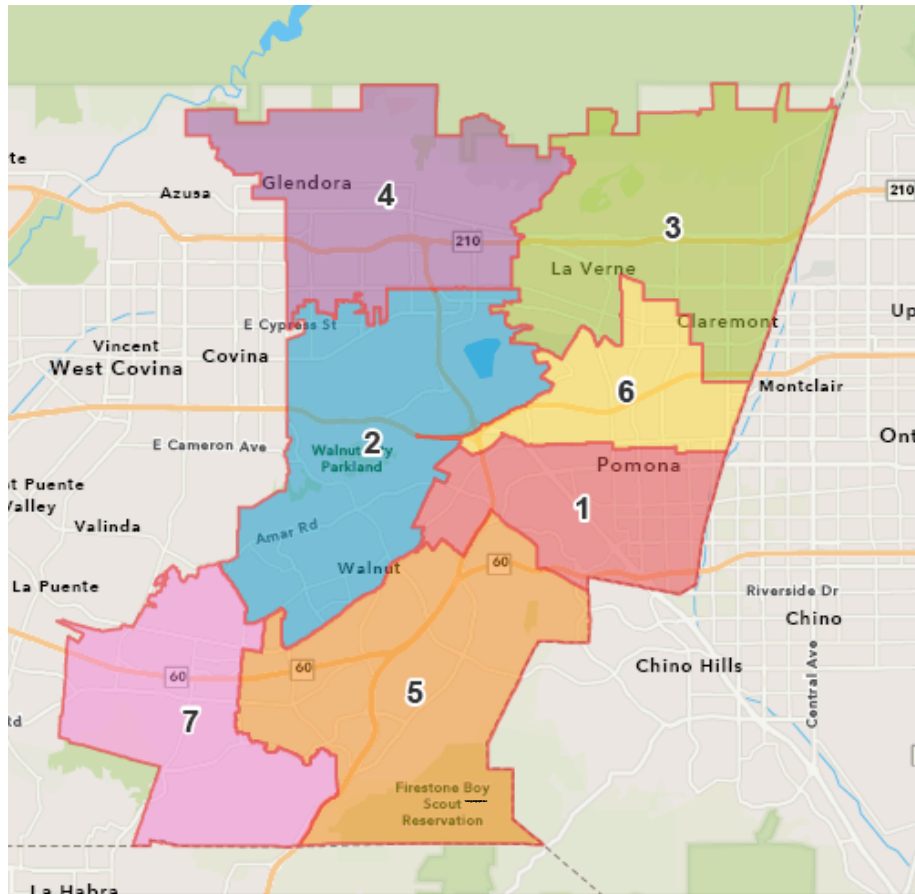


10 Miles of
Pipeline

OUR CUSTOMERS



SERVICE AREA



BOARD OF DIRECTORS



Carlos Goyita
Division 1



David De Jesus
Division 2



Jeff Hanlon
Division 3



Bob Kuhn
Division 4



Danielle Soto
Division 6

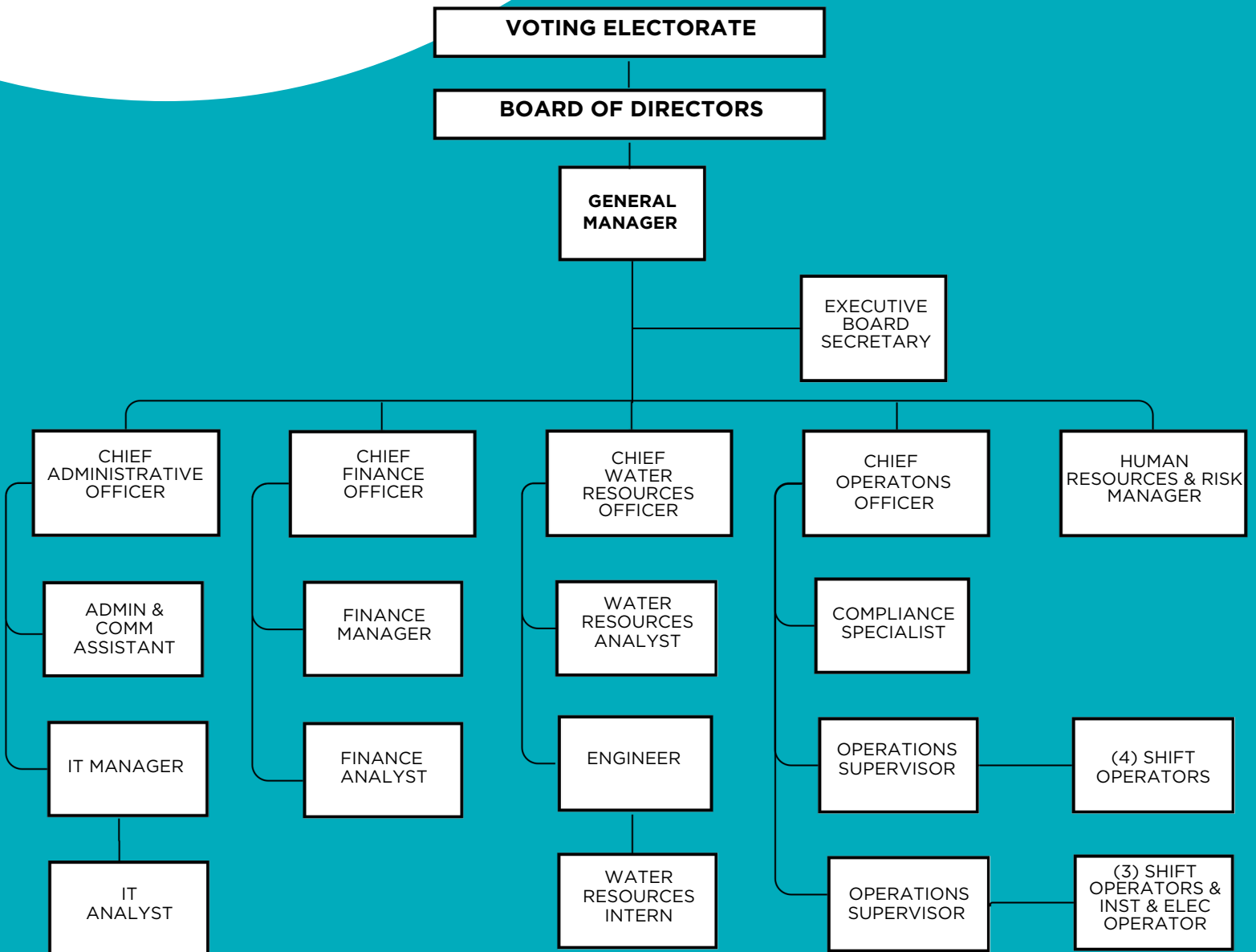


Jody Roberto
Division 5



Mike Ti
Division 7

ORGANIZATION STRUCTURE



GOALS & PRIORITIES

Three Valleys is committed to enhancing local water supplies in a reliable and cost-effective manner. We aim to maximize operational efficiencies while addressing the ongoing challenges affecting our region. Our capital budget focuses on strategic initiatives that will upgrade our infrastructure, improve water conservation, implement advanced technologies, and tackle longstanding water supply and infrastructure issues. These investments will enhance our ability to serve our customers while ensuring the sustainability and reliability of our operations.



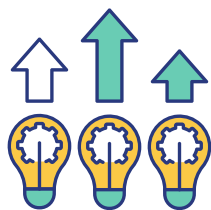
Provide a reliable, high-quality water supply to meet regional demands



Provide water supplies in the most cost-effective manner



Be financially responsible and maintain public trust



Continuously implement necessary organizational enhancements

BUDGET COMPONENTS



BUDGETARY CONTROL

The District's Board of Directors adopts an annual balanced operating and capital improvement budget before the start of each fiscal year. This budget provides a framework for financial operations and accountability, aligning with accrual accounting principles. The Chief Financial Officer ensures budgetary control, with monthly reports presented to the Board.

The General Manager can authorize transfers within budget categories up to \$75,000, while larger transfers require Board approval. The budget covers both enterprise operations and capital projects, ensuring responsible financial management across the District.

BUDGET BASIS

The District's financial reporting uses a fund-based structure, where each fund is a separate, self-balancing set of accounts for specific purposes, as defined by regulations or restrictions. All District funds are classified as proprietary funds, which handle business-type activities. Within proprietary funds, there are two types: enterprise funds and internal service funds. Both types adhere to Generally Accepted Accounting Principles (GAAP), which, similar to private-sector practices, require full accrual accounting—recording revenue when earned and expenses when incurred.

Although both fund types aim to fully recover the cost of services (including capital costs) through fees and charges, GAAP isn't always the most effective for budgeting purposes. For budgeting, some current resource uses are presented differently than GAAP requirements, with notable exceptions:

- Capital outlay is shown as an expenditure.
- Contributions to CalPERS and other post-employment benefits are included as employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are recorded as current expenses.

WATER RATES AND DISTRICT REVENUES

TVMWD's operations consist of a conventional surface water treatment plant, a state certified laboratory, four groundwater production wells, five hydroelectric generators, residual solids removal, groundwater recharge pipelines, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies by way of several miles of pipeline. Approximately 40% of TVMWD's total treated sales are from the Miramar Treatment Plant, while the remaining 60% is from MWD's Weymouth Treatment Plant. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY.

- Water Sales
- Standby Charge (RTS Charges)
- Capacity Charges
- Fixed Charge Assessment

These rates are reviewed annually during the budgeting process to ensure financial sustainability and alignment with operational needs. This approach ensures sufficient funding for day-to-day operations and future capital improvements, keeping the District's infrastructure reliable and its services efficient.

DEBT ADMINISTRATION

Three Valleys currently has no debt obligations.

BUDGET AMMENDMENTS

Department managers submit budget adjustment requests to Executive Management for review. Approved requests are then forwarded to the Finance Department, where they are incorporated into proposed budget amendments. If revenue shortfalls or unexpected costs arise and line-item transfers cannot cover the deficit, a recommendation is typically made to defer capital projects or use reserve funds to address the shortfall. All proposed changes are reviewed with the Governing Board.

BUDGET PROCESS



Planning and Goal Setting	The organization identifies its priorities, goals, and financial needs, often guided by the Strategic Plan.
Forecasting	Revenue estimates are developed based on past trends, current conditions, and expected changes in funding sources or economic factors.
Budget Development	Departments prepare their budget requests, including detailed spending plans for operations, projects, and capital expenditures.
Review and Approval	The draft budget is reviewed by key stakeholders, such as department heads and board of directors, before being revised and finalized for approval.
Implementation	Once approved, the budget is executed, with funds allocated to various departments and projects.
Monitoring and Reporting	Throughout the fiscal period, the organization tracks spending, compares actual expenditures to the budget, and adjusts plans as necessary. This includes regular financial reporting for transparency and accountability.
Evaluation and Adjustment	At the end of the budget period, the organization assesses financial performance, reviewing variances between the budgeted and actual outcomes. Adjustments are made for future budget cycles based on this evaluation.

BUDGET TIMELINE

December	The Finance Department reviews and updates guidelines on strategic planning, new initiatives, and agency goals to ensure alignment with the agency's mission, vision, and values.
January	<p>The Executive Team evaluates staffing levels and decides if a new/change in positions will be included in the proposed budget.</p> <p>Each agency provided an estimate regarding their 5-year demands. TVMWD projected sales are based on TVMWD member agency input.</p>
February	<p>The engineering team collaborates with the budget staff to review and understand the capital budget projects and associated funding.</p> <p>Executive team reviews the budgets of their respective departments.</p> <p>The finance team prepares budget reports and presentations.</p>
March	<p>Board Workshop</p> <p>Water Sales Forecast</p> <p>Budget and Rates (1st Draft)</p> <p>Member Agency Meeting</p>
April	<p>Meeting with Department Heads</p> <p>Budget and Rates (2nd Draft)</p> <p>Board Workshop</p>
May	<p>Board Meeting</p> <p>Adoption of Fiscal Year Budget and Calendar Year Rates</p>

REVENUE SECTION



Revenues	FY 2022-23 Actual	FY 2023-24 Projected	FY 2023-24 Budget	FY 2024-25 Budget
Water Sales	56,089,268	59,677,647	68,481,309	67,409,065
Standby Charge	4,717,653	5,476,023	5,459,852	6,186,637
Capacity Charge Assesment	1,604,680	1,507,470	1,507,470	1,673,430
Fixed Charge	845,637	896,361	896,361	987,458
Property Taxes	3,175,459	3,183,407	2,934,033	3,100,478
Hydro Electric Sales	115,443	250,239	200,000	240,000
Interest Income	21,649	276,591	105,604	215,000
Pumpback O & M	5,925	-	10,000	10,000
Grants & Other Revenue	15,276	141,498	5,705	5,844
Total	66,590,990	71,409,236	79,600,334	79,827,912

The following provides a brief description of the District’s major revenue sources along with the general assumptions used in preparing revenue projections for FY 2025.

SOURCE OF REVENUE

Three Valley’s revenue primarily derives from water sales, fixed charges, and property taxes. The primary source of revenue is treated water sales to its member agencies. Water sales represent 84% of all revenue sources; Total budgeted revenues for Fiscal Year (FY) 2024-2025 are \$79,827,912.

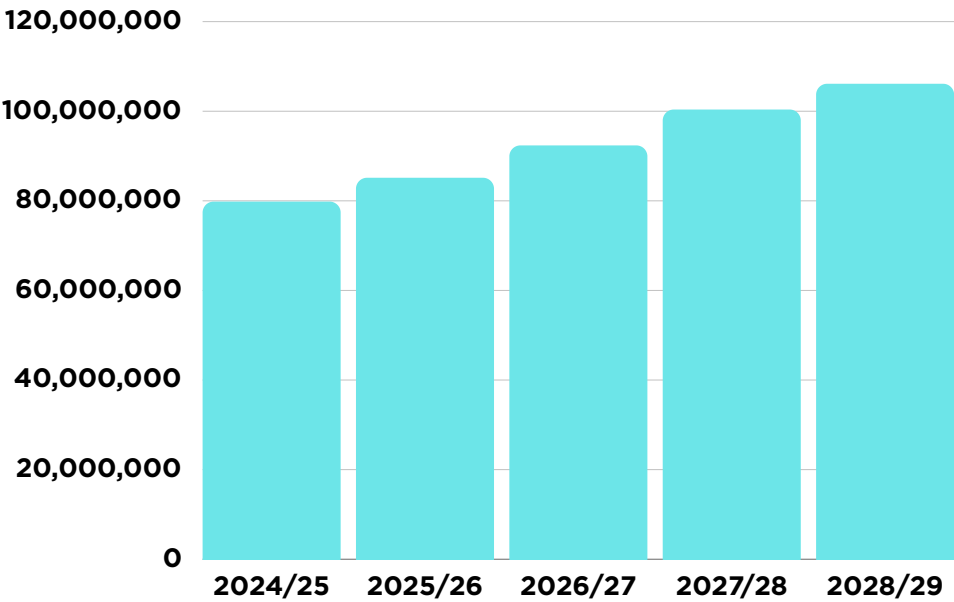
REVENUE HIGHLIGHTS

On May 1st, 2024, TVMWD passed Resolution 24-05-988 to adopt water rates and charges for calendar year (CY) 2025. The effective date of this Resolution would be January 1, 2025; Resolution 24-05-988 includes the rates for the following services:

- Treated & Untreated Water
- Groundwater Replenishment
- Capacity Charge
- Readiness-to-Serve (RTS) Charge
- Hydroelectric Rate

The acre-foot (AF) assumption for water deliveries is reviewed annually and serves as a key factor in shaping the operating budget. Budgeted sales are determined by analyzing historical water sales, consulting with customers about their overall water management plans and trends.

Projected Revenues



RETAIL WATER SALES & READINESS TO SERVE (RTS)

In April 2022, Metropolitan’s Board of Directors approved a total RTS collection of \$167 million for CY 2024 and on April 9, 2024, MWD approved RTS collection of \$181 million for CY 2025, from its 26-member agencies, with rate adjustments taking effect on January 1 of each fiscal year. The amount collected is distributed among its customers according to each agency’s share of the total, calculated based on a 10-year rolling average of firm sales. This 10-year rolling average is measured on a calendar year basis, from January to December. Three Valleys makes up 4.6% of the 26 member agencies RTS share for a CY obligation of \$8,320,436. For the FY 24/25 the MWD Readiness-to-Serve (“RTS”) cost will be \$7,936,510. TVMWD elected to have a portion totaling \$1,848,850 of its total RTS obligation offset by Standby Charge collections collected by Metropolitan on behalf of the member agency. Three Valleys will collect \$5.6 million via a water standby charge imposed based on EDU’s within TVMWD’s service area. The standby charge is maxed out at \$29.41 per EDU. The remaining \$0.5 million will be assessed to the Districts member agencies as a pass-through charge, proportionate to the EDU’s within the member agency’s service areas. The RTS obligation is subject to change each year. The RTS charge shall be paid regardless of the quantity of water delivered during the year and will be separate from the monthly water sale charges invoiced by TVMWD.

	CY 2024	CY 2025
MWD CY Collection	\$167M	\$181M
TVMWD Allocation	4.52%	4.60%
TVMWD July 2024 - June 2025	\$7.2M	\$7.9 M



CAPACITY CHARGE

Metropolitan introduced the Capacity Charge to recover costs associated with providing distribution capacity during peak summer demand periods. The purpose of this charge is to incentivize customer agencies to lower their peak day usage between May 1 and September 30 and shift more of their water consumption to the winter months (October 1 to April 30). This helps optimize the use of Metropolitan's existing infrastructure and postpones the need for capacity expansion. As a Metropolitan charge, TVMWD passes this cost directly to its customers.

TVMWD follows Metropolitan's methodology to calculate peak charges for its customer agencies by multiplying each purveyor's highest daily average usage (in cfs) over the past three summer periods by the Capacity Charge Rate. The timing of the rate adjustment aligns with Metropolitan's schedule and is designed to collect the amount that TVMWD is required to pay. Metropolitan rate per cubic foot for CY 2024 was \$11,200 and for CY 2025 the rate increased to \$13,000 per cubic foot.

The anticipated revenue for Three Valleys is \$1,797,900, a \$248,940 increase from the prior calendar year (CY) of \$1,548,960

PROPERTY TAXES

Annual revenues amount to 1% of the property taxes assessed and paid by property owners within the District. For the upcoming year, the District's budgeted property tax revenue is calculated based on the current year-end projection, with an additional standard growth factor of 2.5%. These taxes and assessments are recorded under Non-Operating Revenue.

Three Valleys Customers	3 Year Peak CY 24	3 Year Peak CY 25
Boy Scouts	0.4	0.4
Cal Poly	0.7	0.7
Covina	3.7	3.8
Covina Irrigating Company	15.7	13.8
Glendora	13.1	13.1
Joint Water Line (JWL)	26.3	26.4
La Verne	12.9	12.9
Mt. Sac	1.0	1.0
Pomona	0.0	0.0
Rowland Water District	6.1	7.7
GSWC (Claremont)	15.4	15.5
GSWC (San Dimas)	12.7	12.8
Suburban	0.0	0.0
Valencia Heights	0.0	0.0
Walnut Valley Water District	30.4	30.3
Total	138.4	138.4

GRANT/BOND PROCEEDS

Grant revenues are not included as line items under projected revenues. Instead, they are recognized once the corresponding expenses are incurred, and reimbursement is recorded. This approach ensures that grant funding is accounted for only when expenses are matched with revenue, in line with accounting practices based on expense reimbursement.

Current grants TVMWD has been awarded are listed below:

- Department of Water Resources: \$400,000 (State)
- United States Bureau of Reclamation (Federal)
 - WaterSMART Drought Response Program - \$200,000
 - WaterSMART Water Use Efficiency Grant - \$84,390
- Environmental Protection Agency (EPA) (Federal)
 - EPA Community Grants - \$1,600,000
 - Water Quality Authority (WQA) Federal Funding Program Administration (FFPA) - \$500,

EXPENDITURE SECTION



Expenses	FY 2022-23 Actual	FY 2023-24 Projected	FY 2023-24 Budget	FY 2024-25 Budget
Water Purchases	50,769,814	51,862,681	60,179,085	58,021,969
RTS Charge	4,838,664	5,476,023	5,459,852	6,186,637
Capacity Charge	1,604,680	1,507,470	1,507,470	1,673,430
Operations & Maintenance	1,842,194	2,382,804	1,947,950	2,397,250
Staff Compensation	5,169,640	5,363,987	5,496,236	5,934,749
Capital Repair	401,203	1,056,264	597,216	1,025,000
Capital Investment	1,527,766	1,444,404	2,525,000	1,416,400
Professional Services	592,142	675,796	669,126	743,515
Directors Compensation	248,235	227,379	285,389	325,165
Communication & Conservation Programs	149,437	197,819	200,700	166,000
Planning & Resources	113,662	264,089	425,000	620,000
Membership Dues	92,957	98,552	97,650	101,100
Hydroelectric Facilities	70,043	34,191	30,000	60,000
Pumpback O&M	5,414	14,504	10,000	10,000
Board Elections	258,212	-	-	-
Reserve Replenishment	-	390,000	390,000	390,000
Total	67,684,063	70,995,963	79,820,674	79,071,215

EXPENSE HIGHLIGHTS

Three Valleys allocates its revenue to support daily operations, with the surplus being reinvested into capital improvement projects or other reserve allocations, in line with District policy, to ensure the long-term stability and sustainability of the Agency.

Overall expenditures are budgeted to decrease by approximately \$0.8 million in FY 2024-25 as compared to FY 2023-24. The decrease in expenditures are primarily due to Capital projects decreasing; In FY 23-24 there was an emergency leak repair that increased the Capital Projects by \$1.7 million. Aside from unforeseen emergency repairs, TVMWD does expect to have less designated funds than in the past to support its CIP program.

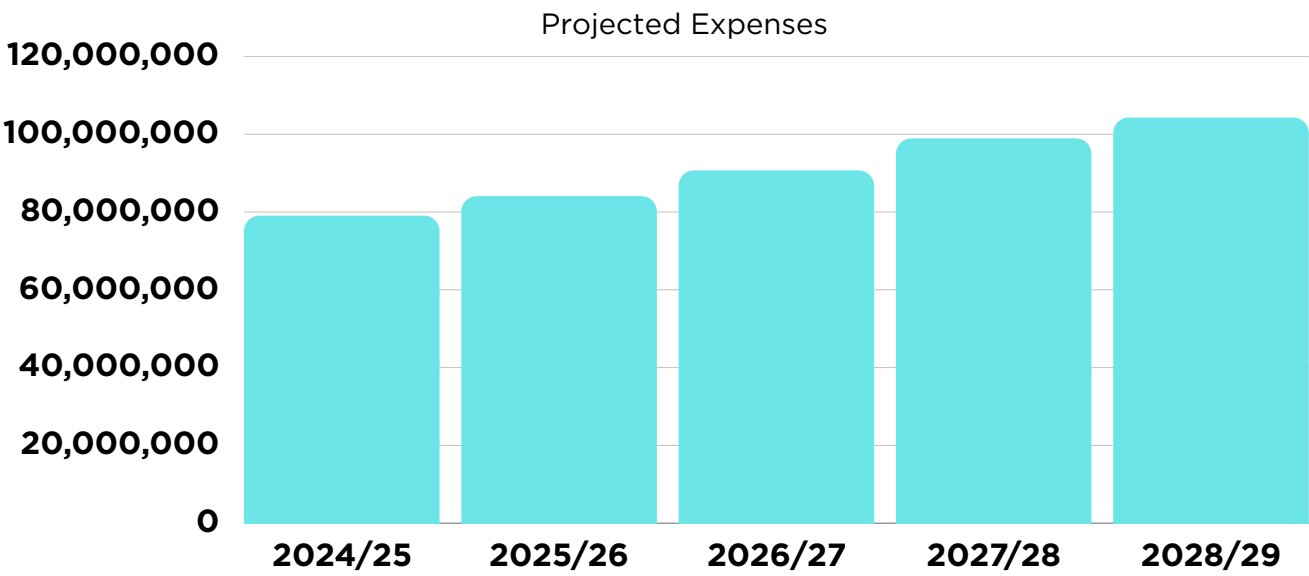
The controllable budget (All other Operating Fund expenses excluding water costs) is 10% higher than what we estimated for FY 2023/2024. Notable changes are as follows:

Operations budget has increased mainly due to higher costs associated with water treatment operations. Ongoing supply chain disruptions have led to increased prices for goods, including chemicals used in the treatment process. Additionally, the cost of electricity required to operate the treatment facility and produce water has surged significantly over the past year. 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.

Staff Compensation is 8% higher than the prior year due to an increase in Consumer Price Index (CPI) and benefits.

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 LAFCO service area boundary at a cost of \$100,000.

Professional services are 11% higher primarily due to IT managed services provider and Microsoft licensing.





OPERATIONS

Operating expenses are essential for delivering reliable water services that safeguard public health and the environment, while maintaining financial integrity and excellent customer service. Despite the challenges posed by the recent severe drought, the District made substantial efforts to uphold fiscal transparency and ensure long-term operational sustainability.

The Operations Department oversees the District's water treatment facilities and distribution system, including the operation and maintenance of telemetry controls, pump stations, reservoir tanks, pressure control stations, groundwater production wells, and valves. Certified water operators ensure that the water meets the highest quality standards through regular sampling, testing, and monitoring. The department's work is crucial for maintaining efficient water delivery and ensuring the safety and quality of the water provided to the community.

PLANNING & RESOURCES

Research and planning associated with water demand, water loss and other water resource management programs.

Geographic Information Systems (GIS):

Provides technical support for water pipeline construction drawings, maintains the District's infrastructure maps and databases, and assists with capital projects by delivering models, maps, and figures to ensure efficient project planning and execution.

- Protecting the District's existing water supply Diversifying and augmenting the supply portfolio
- Innovating to prepare for the future

Planning & Resources budget is responsible for the development of multi-disciplinary and complex evaluations, and the delivery of technical studies associated with the District's water supply systems.



STAFFING

The FY 2025 Budget includes the addition of one position and a change in title for another position. The Information Technology (IT) Analyst will enable the IT Manager to dedicate more attention to critical areas like cybersecurity, GIS, and larger-scale projects. This new role will help alleviate his daily operational responsibilities, allowing him to focus on these high-priority initiatives.

Additionally, there was a change to the Accountant Technician to better align with the District's official department names. That position is now titled Finance Analyst. In total, the staffing changes result is 1 additional member to the staff.

WAGES & BENEFITS

The annualized Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim statistical area increased by 2.56% for the twelve-month period ending in December 2023. This figure serves as a key indicator when considering the development of a proposed cost-of-living adjustment (COLA) for the District's budget, helping to align employee compensation with inflationary trends in the region.

The FY 2025 Budget incorporates a 2.56% cost-of-living adjustment (COLA), following adjustment of 7.5% in FY 2024.

The District has seen an ongoing shift in employee classifications under CalPERS since the implementation of the Public Employees' Pension Reform Act (PEPRA) in 2013.

PERSONNEL

Department	FY 2022-23 Actual	FY 2023-24 Projected	FY 2023-24 Approved	FY 2024-25 Positions	Net Change
Finance	2	3	3	3	0
Engineering*	3	3	3	3	0
Operations	12	12	12	12	0
Administration	2	2	2	2	0
General Manager	1	1	1	1	0
Human Resources	1	1	1	1	0
Information Technology	1	1	1	2	1
Executive Assistant	1	1	1	1	0

**The following is a table showing the headcount by the department that includes the full-time. The intern positions are not reflected in the table.*

TVMWD is hiring a new Information Technology (IT) Analyst to enable the IT Manager to dedicate more attention to critical areas like cybersecurity, GIS, and larger-scale projects. This new role will help alleviate his daily operational responsibilities, allowing him to focus on higher-priority initiatives.

CAPITAL IMPROVEMENT



2025 CIP

CAPITAL IMPROVEMENT PLAN



THREE VALLEYS
MUNICIPAL WATER
DISTRICT

FY 2025 - 2029 CAPITAL PROGRAM



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.



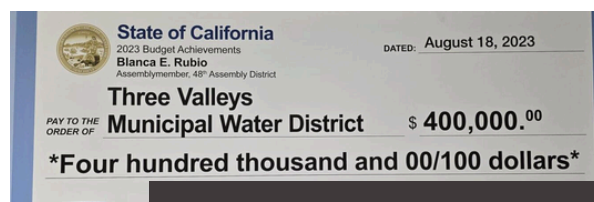
PIPE DIVER EXTRACTION

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 FY 2025; the project will encumber its current FY 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 create 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 FY 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 FY 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 FY 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 FY 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	FY 2025	FY 2026	FY 2027	FY 2028	FY 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 FY 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	FY 2025	FY 2026	FY 2027	FY 2028	FY 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 FY 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 FY 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 FY 2025 to begin the first phase of implementation.

Total Project Cost: \$3,250,000

CAPITAL REPAIR AND REPLACEMENT

Capital Repair and Replacement	FY 2025	FY 2026	FY 2027	FY 2028	FY 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	FY 2025	FY 2026	FY 2027	FY 2028	FY 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 FY 2025 is estimated at \$600,000.

Total Project Cost: \$600,000

CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Program	FY 2025	FY 2026	FY 2027	FY 2028	FY 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	FY 2025	FY 2026	FY 2027	FY 2028	FY 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

FY 2025: \$1 M

\$8.1 million, 50%
Capital Investment Program projects

FY 2025: \$1.4 M



The FY 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.

FINANCIAL POLICIES



SUMMARY

Three Valley's financial policies encompass a range of financial management practices that guide the District's operational and strategic decisions. These policies enable both the Board of Directors and community stakeholders to monitor the District's financial stewardship and ensure accountability. Periodic reviews and revisions of these policies are conducted at the discretion of the Board to ensure they remain effective and relevant for fiscal management.

INVESTMENT POLICY

Investment Policy- [RESOLUTION NO. 24-06-990]
Funds will be invested in compliance with the provisions of the California Government Code Sections 5922,53601, and other applicable statutes and may be more restrictive than the Code.

Objective:

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of TVMWD shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- **Liquidity:** The investment portfolio will remain sufficiently liquid to enable TVMWD to meet all operating requirements, which might be reasonably anticipated.
- **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and the cash flow characteristics of the portfolio.



RESERVE POLICY

Consistent with sound and prudent fiscal practices as well as legal requirements, TVMWD will maintain reserve funds that comply with adopted policy and legal bond documents.

Objectives of reserve funds:

- To balance short-term fluctuations in revenues/expenses without adopting unplanned rate increases.
- To provide a safety net in the event of emergency.
- To minimize external borrowing and interest expenses.
- To determine the most opportune time to issue debt when necessary

Reserve	Goal	Description	Source
Board Election	\$375,000-\$500,000	To cover biennial election and associated costs.	Water rate over the 2 subsequent years.
Water Rate Stabilization	\$1,400,000-\$2,100,000	To help fund operations when water sales are less than projected. Reserve shall be set at an amount to supplant lost income in the event of 10% water sales shortages over a 2-3 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years unless rate stabilization utilized to balance upcoming budget.
Capital Investment Program	\$3,500,000-\$9,700,000	To cover expected and actual capital project/repair/replacement costs over the next 2-4 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Opportunity	\$2,000,000-\$3,000,000	For unbudgeted, unplanned or opportunistic projects that can increase supply reliability or decrease rates.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Employee Benefit	\$3,400,000	To accumulate funds to offset net OPEB and pension liabilities. Funds to be deposited at the close of each fiscal year to the Post Employment Benefit Trust until the balance of the trust and CalPERS assets reaches approximately 90% of the total liability. This reserve will maintain the remaining 10% to offset the unfunded liability and to ensure the trust is not overfunded.	Unassigned Reserves. The board will approve a rate funding strategy during the annual budget process.
Emergency	Total Available Reserve balances of at least \$10,000,000	To cover unexpected costs from litigation, catastrophic events, business interruptions, or other events deemed as emergencies by the Board.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Unassigned	Remaining balance of unrestricted net assets	To replenish all other reserves and then accumulate excess reserves above goal amounts.	Excess retained earnings.

PURCHASING POLICY

The basic purchasing policy of TVMWD is to obtain quality goods and services for operation at the lowest possible overall cost. This includes maintaining a purchasing system that ensures maximum use of fair and open competition and receipt of the best value for funds available, consistent with applicable laws and regulations. The purchasing functions are decentralized, with each Department responsible for compliance with TVMWD policies and procedures. Purchasing responsibility and authority shall be delegated to the lowest possible level consistent with good business practice and sound financial management policy.

PURCHASING POLICY SUMMARY

GENERAL PURCHASES		<u><\$25,000</u>	<u>\$25,000-\$75,000</u>	<u>>\$75,000</u>
APPROVAL		Department Head or GM	General Manager	Board
PO REQUIRED		No	Yes	Yes
NOTICE REQUIREMENT				
-General Supplies, Materials and Equipment		None	None	Newspaper
-Proprietary Equipment		None	None	None
-General Trade Services		None	None	Newspaper
-Professional Services		None	None	Newspaper suggested
COMPETITIVE OFFER REQUIREMENT				
-General Supplies, Materials and Equipment		None	Informal Quotes	Formal Bidding
-Proprietary Equipment		None	Informal Product Review	Formal Product Review
-General Trade Services		None	Informal Quotes	Formal Bidding
-Professional Services		None	Informal Proposals	RFP/RFQ's
SELECTION				
-General Supplies, Materials and Equipment		Department Discretion	Best Value Procurement	Best Value Procurement
-Proprietary Equipment		Department Discretion	Top Ranked Product	Top Ranked Product
-General Trade Services		Department Discretion	Best Value Procurement	Best Value Procurement
-Professional Services		Department Discretion	Top Ranked Provider	Top Ranked Provider
PUBLIC PROJECTS		<u><\$60,000</u>	<u>\$60,000-\$200,000</u>	<u>>\$200,000</u>
APPROVAL		General Manager	General Manager	Board
PO REQUIRED		Yes	Yes	Yes
NOTICE REQUIREMENT		None	Contractors and/or Trade Journals	Newspaper and Trade Journals
COMPETITIVE OFFER REQUIREMENT		None	Informal Bid per CPCC*	Formal Bid per CPCC*
SELECTION		General Manager	Lowest Responsive/Responsible Bidder	Lowest Responsive/Responsible Bidder

*CPCC - California Public Contract Code

DEBT MANAGEMENT POLICY

The Policy provides guidelines for issuing and managing debt, ensuring cost-effectiveness and compliance with laws, and maintaining a strong credit rating.

Roles and Responsibilities:

- Chief Financial Officer (CFO): Develops financing recommendations and oversees debt management.
- General Manager (GM): Determines project needs and updates the Policy.
- Board of Directors: Approves the Capital Program and all debt transactions.

Debt is used for capital projects, not for ongoing operations. It should be cost-effective, equitable, and aligned with policy goals. Short-term financing may be used for essential equipment.

Currently Three Valleys has no debt obligations.

BUDGET POLICY

The District's Board of Directors adopts a balanced operating and capital improvement budget annually before the start of each fiscal year. This budget serves as the framework for financial reporting, control of operations, and accountability regarding the District's enterprise activities and capital projects. The budget follows the accrual basis of accounting, ensuring alignment with financial statements.

