



STRATEGIC PLAN



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PURPOSE OF STRATEGIC PLAN

The strategic plan sets the short-term and long-term path for achieving TVMWD's mission and vision. The plan provides the opportunity to reflect on challenges at TVMWD and in the water industry to ensure we are setting goals and objectives that best serve the regional needs of TVMWD.

MISSION

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.

VISION

TVMWD meets its regional water supply needs through:

- 1. Collaboration with its member agencies to understand their short-term and long-term needs**
- 2. Development and implementation of the strategic plan to address these needs in a cost-effective manner based on current water conditions**
- 3. Periodic update of the plan as needs or as major changes in water conditions occur**
- 4. Adaptive management strategies that seek a combination of operational and cost efficiency**

CORE VALUES

To achieve success, TVMWD must have a set of core values from which it bases its policies and actions. To meet current and future challenges, the single most important factor to our success is faithful and consistent adherence to these values.



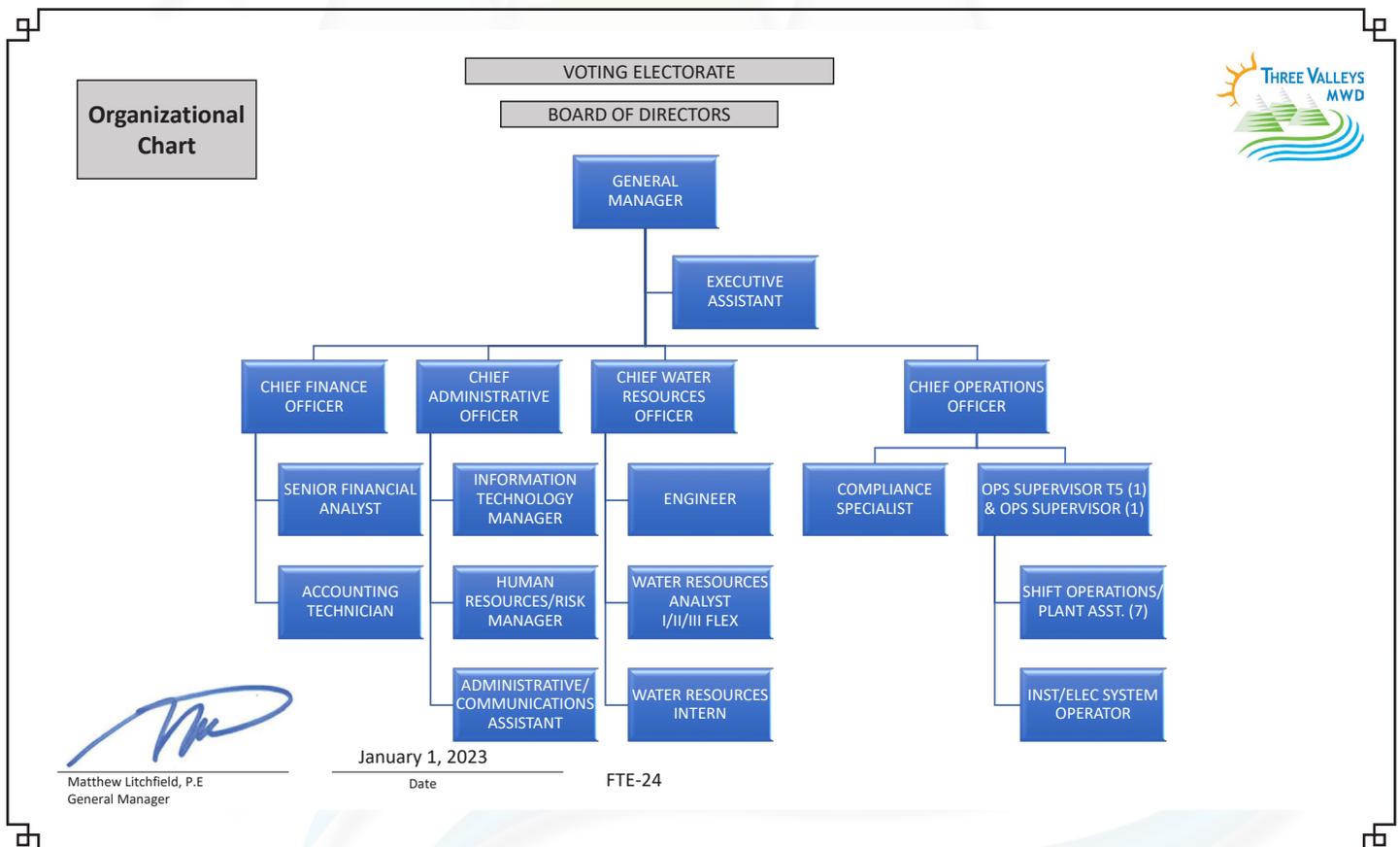
- Teamwork – the coordination, collaboration, participation and understanding of everyone’s role in fulfilling the mission and vision
- Communication – the exchanging of information and sharing of ideas
- Customer Service – the process of ensuring customer satisfaction
- Personal Responsibility – being accountable for something within one’s control
- Employee Development – the steps taken to encourage each employee’s professional and personal growth
- Professional Integrity – the manner in which people behave and act in the workplace
- Innovation – the process of inventing or introducing something new
- Recognition – appreciating the value of an achievement

PROFILE

TVMWD is a special district formed by public election in 1950 and is the area's primary source of supplemental water covering the Pomona, Walnut and East San Gabriel Valleys. TVMWD is one of 26 member agencies of the Metropolitan Water District of Southern California (MWD) that is authorized to deliver wholesale water supplies from the Colorado River and Northern California. The region served by TVMWD spans over 133 square miles and serves 13 retail member agencies that in turn serve a population of approximately 515,000.

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 through several miles of pipeline. Approximately 30% of TVMWD's total treated sales are from the Miramar Treatment Plant (of which 6% is from groundwater wells), while the remaining 70% is from MWD's Weymouth Treatment Plant. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY. TVMWD has water storage accounts in Six Basins (stored: approx. 3,500 AF; capacity: 3,500 AF) and Main San Gabriel Basin (stored: approx. 6,000 AF; capacity: 50,000 AF).

TVMWD is governed by a seven-member Board of Directors elected by the registered voters residing within TVMWD's boundaries. The Board has a combined 70 years of experience with TVMWD. TVMWD employs a team of 24 staff members who are responsible for administering the day-to-day operations of the facility and implementing strategic objectives and policies set forth by the Board. The average tenure of TVMWD employees is 10 years. This stability provides a tremendous benefit to TVMWD.



INDUSTRY OUTLOOK

MWD imports water supplies to Southern California from two main sources: the Sacramento and San Joaquin Rivers through the State Water Project (SWP) and the Colorado River via the Colorado River Aqueduct (CRA). The SWP is operated and maintained by the California Department of Water Resources (DWR), who allocates water annually to each of the twenty-nine SWP contractors throughout the state. MWD is the largest contractor of the SWP, receiving about 50% of the supplies. The CRA is owned, operated and maintained by MWD. Operation of the CRA is dictated by The Law of the Colorado River, which provides for the benefit of the seven western states that rely on the Colorado River or its tributaries.



The state of California is entering a fourth year of drought. The National Aeronautics and Space Administration (NASA) rated 2022 the fifth warmest year on record since 1880, which is its best estimate of record for when preindustrial temperatures occurred. The past three water years (WY) have been characterized by record breaking temperatures and extremely dry soils, which has led to large and unexpected reductions in runoff from the State's snowpack. On the Colorado River Basin, similar prolonged drought conditions have pushed water levels in Lake Mead and Lake Powell to historic lows.

The National Weather Service's Three-Month Outlook released on January 19, 2023, shows that the Southern portion of California will likely continue to experience average temperatures and average to below average precipitation. DWR's State Water Project allocation for 2023 is currently at 5%, however the first snow survey of the season on January 1st and electronic readings show statewide snowpack at 174% of average thanks to several December storms that have continued for the first half of January. While this situation is good news, last year started out in a similar fashion before being followed by three months of extremely dry conditions.

Due to these increasing swings in extremely wet to dry conditions, in August 2022, Governor Newsom released the "California's Water Supply Strategy, Adapting to a Hotter, Drier Future", which calls for investing in new projects and technologies that will modernize how the state manages water. In alignment with the Governor's strategy, the recently adopted 2022 update to the Central Valley Flood Protection Plan identifies actions needed to adapt much of California's flood infrastructure to a rapidly changing climate. Current climate research indicates the state will see bigger swings from extreme heat and dry conditions to larger and more powerful storms that deliver temporary large boosts to the state snowpack as well as flood risk.

CHALLENGES

The Executive Team has identified the following items as current or ongoing challenges.

CURRENT CHALLENGES

Financial/
HR software
inefficient
and support
declining

Imported
water supply
reliability

Efficiently &
effectively
incorporating
groundwater

ONGOING CHALLENGES

Maximizing
Miramar
Treatment
Plant
efficiencies

Maximizing
water
resources

Aging
infrastructure

Readiness
for an
emergency
event

Regional approach
while meeting
individual member
agency's needs

Staying up-
to-date with
technology and
cybersecurity

Continue MWD
and member
agency
engagement

Impact of
regulatory
or legislative
changes

Reliability of water
supplies; current
and future water
quality issues

Preparing next
generation of
water professionals

GOALS

The following goals have been identified to assist TVMWD in executing its mission:

1. Provide a reliable, high-quality water supply to meet regional demands
2. Provide water supplies in the most cost-effective manner
3. Be financially responsible and maintain public trust
4. Continuously implement necessary organizational enhancements

Each goal has several specific objectives to support the goals and address the challenges above.

GOALS

Goal #1 - Provide a Reliable, High-Quality Water Supply to Meet Regional Demands

Objective

- 1.1 Secure water supplies that exceed the estimated annual demands
- 1.2 Maintain compliance with water quality standards
- 1.3 Maintain diverse sources of reliable water supplies and storage
- 1.4 Maintain reliable water infrastructure
- 1.5 Be prepared for catastrophic events

Goal #2 – Provide Water Supplies in the Most Cost-Effective Manner

Objective

- 2.1 Maximize the most cost effective water resources
- 2.2 Maintain efficient and safe operations
- 2.3 Maintain involvement and awareness of all aspects of MWD

Goal #3 – Be Financially Responsible and Maintain Public Trust

Objective

- 3.1 Utilize and comply with a set of financial policies to maintain TVMWD's financial health
- 3.2 Maintain website with useful information
- 3.3 Be accountable and transparent with major decisions
- 3.4 Communicate TVMWD's role in the delivery of water
- 3.5 Advocate legislation and initiatives that further TVMWD's mission and vision

Goal #4 – Continuously Implement Necessary Organizational Enhancements

Objective

- 4.1 Prepare next generation of water professionals
- 4.2 Maintain information technology at industry standards
- 4.3 Maximize employee retention
- 4.4 Maintain digital records and cloud storage

RESERVE POLICIES

- a. 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.
- b. Objectives of reserve funds:
 - i. To balance short-term fluctuations in revenues/expenses without adopting unplanned rate increases.
 - ii. To provide a safety net in the event of emergency.
 - iii. To minimize external borrowing and interest expense.
 - iv. To determine the most opportune time to issue debt when necessary.
- c. In setting reserve goals TVMWD will consider that reserve levels affect bond ratings and ultimately the ability to access debt markets at favorable interest rates.
- d. The Board shall annually reevaluate what is reasonable for each reserve fund.

DEBT MANAGEMENT ANALYSIS

TVMWD DEBT SUMMARY

TVMWD is debt free.

ANALYSIS

Based on budget/rate forecasts and the five-year capital improvement plan, TVMWD should not need to issue debt in the foreseeable future. However, TVMWD is well positioned to obtain debt at favorable rates should the need arise.



ACRONYMS AND ABBREVIATIONS

- AF – Acre-Feet
- AFY – Acre-Feet per Year
- CRA – Colorado River Aqueduct
- DDW – Department of Drinking Water
- DWR – Department of Water Resources
- EPA – Environmental Protection Agency
- FY – Fiscal Year
- MWD – Metropolitan Water District of Southern California
- SDLF – Special District Leadership Foundation
- SWP – State Water Project
- TVMWD – Three Valleys Municipal Water District
- WY – Water Year



THREE VALLEYS MUNICIPAL WATER DISTRICT

