



NOTICE

PARKING ARRANGEMENTS

Due to ongoing construction at the Miramar site, the North Parking area will not be in use during TVMWD Board meetings. The first several parking spaces along the main drive will be reserved for TVMWD directors and District counsel and marked with an orange traffic cone.

All other visitors should park in designated parking stalls or along the west side of the main drive.

We apologize for the inconvenience and appreciate your patience during this time.

As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. Also, to prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT
Wednesday, March 1, 2017 at 8:00 AM

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

Item 1 – Call to Order

Kuhn

Item 2 – Pledge of Allegiance

Kuhn

Item 3 – Roll Call

**Executive
Assistant**

- Bob Kuhn, Division IV – President
- David De Jesus, Division II – Vice President
- Brian Bowcock, Division III – Secretary
- Joe Ruzicka, Division V – Treasurer
- Dan Horan, Division VII – Director
- Carlos Goytia, Division I – Director
- John Mendoza, Division VI - Director

Item 4 – Additions to Agenda (*Government Code Section 54954.2(b)(2)*)

Kuhn

Additions to the agenda may be considered when two-thirds of the Board members are present (or all members if less than two-thirds are present), determine a need for immediate action, and the need to take action came to the attention of TVMWD subsequent to the agenda being posted; this exception requires a degree of urgency. *The Board shall call for public comment prior to voting to add any item to the agenda after posting.*

Item 5 – Reorder Agenda

Kuhn

Item 6 – Public Comment (*Government Code Section 54954.3*)

Kuhn

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

We request that remarks be limited to five minutes or less

Item 7 – Board Presentations

Item 7A – Mr. Andy Sells, Chief Executive Officer and Karen Thesing, Director of Insurance Services of ACWA JPIA will be present to award the Board with the CY 2016 refund check for TVMWD.

Item 7B – Mr. Andy Malone, Administrator for Six Basins Watermaster will be present to update the Board on efforts related to the Six Basins Watermaster Master Plan.

Item 8 – General Manager’s Report

Hansen

Item 8.A – Administration staff will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

8.A.1 - Resolution No. 17-03-794 Concurring in Nomination of Fred Adjarian to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA/JPIA")

The Board will consider Resolution No. 17-03-794, and direct staff to prepare and forward any required documentation to ACWA/JPIA.

Item 8.A.1 Board Action Required – Motion No. 17-03-5126
Staff Recommendation: Approve as presented

Item 8.B – Engineering-Operations staff will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

8.B.1 – Miramar Water Treatment Plant Shutdown Summary [enc]

The Board will review a summary update of the recent Miramar Water Treatment Plant shutdown.

Item 8.C – Finance-Personnel staff will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

8.C.1 – Leroy’s Connection Replacement – Budget Amendment (Project No. 58154) [enc]

The Board will review a proposed budget amendment to replace the entire connection of the Miramar Pipeline adjacent to Leroy Haynes Education Center. The Board may direct staff to return to the next meeting for approval.

8.C.2 – Return Unexpended Funds to Capital Asset Reserve – Budget Amendment [enc]

The Board will review a proposed budget amendment to return any unexpended funds for projects completed or no longer needed back to the capital asset reserve. The Board may direct staff to return to the next meeting for approval.

8.C.3 – FY 17-18 Annual Purchase Orders [enc]

The Board will be provided a list of purchase orders for ongoing goods and services for FY 17-18, and may direct staff to return to the next meeting for action.

8.C.4 – FY 2017-18 TVMWD Budget Draft 1.0 [enc]

The below items will be reviewed in a workshop format with staff responding to questions. It is anticipated that the FY 2017-18 budget and CY 2018 water rates will be returned for approval during the April 19, 2017 meeting for adoption by the Board.

- FY 17-18 budget, draft
- CY 2018 Rates and Charges, draft

Item 9 – Closed Session

**9.A - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1) Chino Basin
Municipal Water District vs. City of Chino, et.al.-San Bernardino County -
Case No. RCV51010**

Item 10 – Report Out Of Closed Session

Item 11 – Future Agenda Items

Kuhn

Item 12 – Adjournment

Board adjourned to March 15, 2017 Regular Board Meeting at 8:00 AM.

American Disabilities Act Compliance Statement

Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) that is sought in order to participate in the above agenda public meeting should be directed to the TVMWD's Executive Assistant at (909) 621-5568 at least 24 hours prior to meeting.

Agenda items received after posting

Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the TVMWD office located at, 1021 East Miramar Avenue, Claremont, CA, 91711. The materials will also be posted on the TVMWD website at www.threevalleys.com.

The Three Valleys MWD Board Meeting packets and agendas are available for review on the TVMWD website at www.threevalleys.com. The website is updated on Sunday preceding any regularly scheduled Board Meeting.

RESOLUTION NO. 17-03-794
BOARD OF DIRECTORS OF
THREE VALLEYS MUNICIPAL WATER DISTRICT
CONCURRING IN NOMINATION OF FRED ADJARIAN, EL TORO WATER DISTRICT, TO
THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA JPIA")

WHEREAS, Three Valleys Municipal Water District (TVMWD) is a member district of ACWA JPIA; and

WHEREAS, the Bylaws of ACWA JPIA provide that in order for a nomination to be made to ACWA JPIA's **Executive Committee**, three member districts must concur with the nominating district; and

WHEREAS, another ACWA JPIA member district, the El Toro Water District, has requested that TVMWD concur in its nomination of its member of the ACWA JPIA Board of Directors to the **Executive Committee** of ACWA JPIA;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of THREE VALLEYS MUNICIPAL WATER DISTRICT that this district concur with the nomination of Fred Adjarian of El Toro Water District to the Executive Committee of ACWA JPIA.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

ADOPTED and **PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors, on this 1st day of March, 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Bob Kuhn, President

ATTEST:

Brian Bowcock, Secretary

SEAL:

RESOLUTION NO. 17-03-794

This is to certify that at a regular meeting of the Three Valleys Municipal Water District Board of Directors, held at the offices of the District located at 1021 E. Miramar Avenue, Claremont, California on March 1, 2017, all the Directors being present and voting, it was unanimously voted by Motion No. 17-03-5126 to adopt Resolution No. 17-03-7943

VOTED:

AYES:

NOES:

ABSTAIN:

ABSENT:

A TRUE COPY

ATTEST: _____

Victoria A. Hahn, Executive Assistant / District Clerk

The undersigned hereby certifies that she is the Executive Assistant / District Clerk of Three Valleys Municipal Water District Board of Directors, a public agency organized under the provisions of the Municipal Water District Act of 1911, that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said district held on March 1, 2017 at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.

RESOLUTION NO. 17-1-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EL TORO WATER DISTRICT
NOMINATING ITS ACWA JPIA BOARD MEMBER
DIRECTOR FRED ADJARIAN
TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA JPIA")

WHEREAS, this district is a member district of the ACWA JPIA that participates in all four of its Programs: Liability, Property, Workers' Compensation, and Employee Benefits; and


WHEREAS, the Bylaws of the ACWA JPIA provide that in order for a nomination to be made to ACWA JPIA's Executive Committee, the member district must place into nomination its member of the ACWA JPIA Board of Directors for such open position;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the EL Toro Water District that its member of the ACWA JPIA Board of Directors, Director Fred Adjarian be nominated as a candidate for the Executive Committee for the election to be held on May 8, 2017.

BE IT FURTHER RESOLVED that the ACWA JPIA staff is hereby requested, upon receipt of the formal concurrence of three other member districts to effect such nomination.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

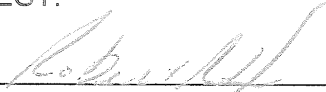
ADOPTED, SIGNED and APPROVED this 24th day of January, 2017.



M. Scott Goldman, President
El Toro Water District and the
Board of Directors thereof

(SEAL)

ATTEST:




ROBERT R. HILL, Secretary
El Toro Water District and the
Board of Directors thereof

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

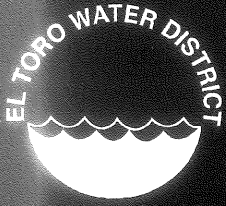
I, ROBERT R. HILL, Secretary of the Board of Directors of the El Toro Water District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 17-1-1 of said Board, and that the same has not been amended or repealed.

DATED: January 24, 2017



ROBERT R. HILL, Secretary
El Toro Water District and of
the Board of Directors thereof

(SEAL)



Item 8.A.1

El Toro Water District

"A District of Distinction"

Serving the Public - Respecting the Environment

Board of Directors

M. Scott Goldman
William H. Kahn
Jose F. Vergara
Frederick J. Adjarian
Mark L. Monin

General Manager

Robert R. Hill



February 9, 2017

Three Valleys Municipal Water District
1021 Miramar Avenue
Claremont, CA 91711
Attn: Bob Kuhn, Board President

Re: Concurring Resolution in Support of Director Fred J. Adjarian/EI
Toro Water District as an ACWA-JPIA Executive Committee
Candidate

Dear President Kuhn,

Please let this letter serve as my formal request of Three Valleys Municipal Water District to consider adopting a Concurring Resolution to that of ETWD in support of my nomination as an ACWA-JPIA Executive Committee Candidate.

Included are: (1) a copy of ETWD's Board of Directors adopted resolution nominating me as a candidate for the upcoming ACWA-JPIA Executive Committee elections at the May 2017 ACWA Conference; and (2) the ACWA-JPIA's election notice of January 3, 2017 containing a link to access a sample template Concurring Resolution.

Following is a synopsis of my professional qualifications for the Three Valleys Municipal Water District Board's information:

- ❖ Mr. Adjarian was elected in November 2014 to serve on the El Toro Water District [ETWD] Board of Directors. Mr. Adjarian brings over 41 years of professional water industry experience to ACWA-JPIA. This includes over 26 years managing five public and private sector water agencies.
- ❖ Mr. Adjarian holds a BA from UCLA in Geography-Ecosystems, and a Masters of Public Administration with honors from CSULB. Mr. Adjarian also earned State of California Water Resources Control Board [SCWRCB] Operator Certifications as a Grade D-4 / Water Distribution and a Grade T-2 / Water Treatment Operator.

El Toro Water District

- ❖ Mr. Adjarian was appointed in 1996 by Governor Pete Wilson to the San Diego Regional Water Quality Control Board for three years. He served as the SDRWQCB's Spanish-speaking liaison to the California Border Environmental Cooperation Committee (Cal/BECC). A binational alliance of California, Baja California, and Baja California Sur, CAL/BECC's focuses on environmental infrastructure needs for the California-Mexico Border region.
- ❖ Mr. Adjarian presently serves as ETWD's representative to ACWA-JPIA, the Santiago Aqueduct Commission, and the Orange County Local Agency Formation Commission. He is also ETWD's alternate representative to the South Orange County Wastewater Authority.
- ❖ Mr. Adjarian is a very active member of the: Orange County Water Association; American Water Works Association; South Orange County Economic Coalition; Water Advisory Committee of Orange County; the Independent Special Districts of Orange County; and a member of several Linked-In professional water policy/water industry associations.
- ❖ Mr. Adjarian holds a California Community Colleges Teaching Certificate, having taught California Water Resources as an adjunct faculty member at Rancho Santiago Community College. He is also a guest lecturer at UCLA's Geography Department, and UCI's Water Initiative Program focusing on water policy and water infrastructure issues.

It is with great enthusiasm that I respectfully request the Three Valleys Municipal Water District Board of Directors support for my candidacy to the ACWA-JPIA Executive Committee. I believe that my training, education, experience plus broad professional network of water industry contacts would complement the ACWA-JPIA Executive Committee's focus, specifically:

- Past executive "hands-on" administrative responsibility for ensuring agency compliance with all ACWA-JPIA insurance policies, directives and initiatives.
- Working closely with various Boards of Directors/other decision-makers at all levels of government to implement organizational strategic goals;
- A detailed understanding of the institutional relationships and insurance policy issues affecting California's water industry;
- A "team-player" oriented work ethic to accomplish annual policy and organizational work plan initiatives;


E I T o r o W a t e r D i s t r i c t

- A cultivator of collaborative and enduring working relationships with a broad spectrum of public/private water entities, agricultural, military, environmental and business community water stakeholders.

Thank you very much for the Board's consideration of my request. Please let me know if the Board should have any questions, or require additional information to supplement the agenda packet.

Very truly yours,

EL TORO WATER DISTRICT

A handwritten signature in cursive script, appearing to read "Fred Adjarian", is written over a horizontal line.

Frederick J. Adjarian
Director

cc: Rick Hansen, General Manager
Scott Goldman, ETWD President
Bob Hill, ETWD General Manager



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager *RH*
Date: March 1, 2017
Subject: Miramar Water Treatment Plant Shutdown Summary

For Action
 Fiscal Impact
 Funds Budgeted
 Information Only

Discussion:

Miramar operations staff conducted the annual plant shutdown in February to perform various maintenance activities and to upgrade aging equipment.

Staff, along with several contractors, worked on multiple projects that can only be performed when the plant is not running. As a result of strategic planning and staging, staff was able to limit the shutdown work to five days and accomplish all of its objectives.



New plant Influent valve

Strategic Plan Objective(s):

- 1.5 – Maintain water infrastructure to assure 100% reliability
- 2.3 – Manage water infrastructure and staff operations to minimize costs



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager *RW*
Date: March 1, 2017
Subject: Leroy's Connection Replacement – Budget Amendment

<input type="checkbox"/> For Action	<input checked="" type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Cost Estimate:	\$ 200,000

Recommendation:

Approve budget amendment of \$200,000 for replacement of the Leroy's connection.

Discussion:

The Leroy's connection is located adjacent to the Leroy Haynes Education Center property in La Verne. The turnout was one of the original connections on the Miramar Pipeline and was constructed with a fairly deep (8-10 feet) access vault. The pipes and valves of the connection are also exhibiting signs of corrosion.



Staff recommends replacing the entire connection alignment to remove the corroded pipe and to modify the vertical profile in order to ease access issues during operation and maintenance activities.

The proposed facilities will include 8-inch pipeline, a magnetic flow meter, a control valve, two isolation valves, a vault and a SCADA cabinet. Design work has been completed and construction can start once project bids are received.

Staff is recommending a budget amendment from the PM-24 Connection Modification project. MWD has indicated they will be reconsidering their long standing position on the turndown percentage for meters because of newer technologies. This could drastically reduce the cost for achieving the desired effect of increasing Miramar sales by reducing minimum flows on PM-24. Staff is participating in workgroup discussions with MWD management regarding the impacts of this policy change.

Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions



BUDGET AMENDMENT

To: Finance Department

Fiscal Year: 16-17

From: Engineering Department
Department

Date: 3/1/17

Subject: Leroy Connection Replacement

Please process this request and distribute the budget amendment as follows:

Expenditure Amendment

Ref No.	Line Item Description	Account Number	FY Budget (\$)			Reserve Funds (\$)		
			Existing	Change (+/-)	Revised	Existing	Change (+/-)	Balance
1	Leroy's Connection Replacement	20.21.58154	0	200,000	200,000			0
2	PM-24 Connection Modification	20.21.58441	560,000	(200,000)	360,000			0
3					0			0
4					0			0
5					0			0
6					0			0
7					0			0
8					0			0
9					0			0
10					0			0
NET CHANGE:				\$0			\$0	

Attach staff report, motion, committee and/or board minutes associated with this budget amendment

	YES	NO	
Committee Review:	<input type="checkbox"/>	<input type="checkbox"/>	Date: _____
Board Approval:	<input type="checkbox"/>	<input type="checkbox"/>	Date: _____

- Amendment Procedure**
1. If required by District policy, General Manager requests Board approval of budget amendment. Request to amend budget must be included in the staff report.
 2. Upon Board approval, the Finance Department secures all necessary signatures to complete the Budget Amendment form. The staff report and board minutes, if any, should be attached to the form.
 3. Finance Department maintains all appropriate documentation and processes the budget entry.
 4. A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Chief Finance Officer Signature

Date: _____

General Manager Signature

Date: _____

Finance Dept Use Only

Date Received	_____
Board Report Date	_____
Motion #	_____
Date Posted	_____
Posted By	_____



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager *RH*
Date: March 1, 2017
Subject: Return Unexpended Funds to Capital Asset Reserve – Budget Amendment

<input type="checkbox"/>	For Action	<input checked="" type="checkbox"/>	Fiscal Impact	<input type="checkbox"/>	Funds Budgeted
<input checked="" type="checkbox"/>	Information Only	<input type="checkbox"/>	Cost Estimate:		

Recommendation:

Approve budget amendment of \$503,535 returning unexpended funds to capital asset reserve.

Discussion:

Prior to beginning the annual budget process, staff recommends closing out all projects that are completed or are not moving forward. Any encumbered/budget funds remaining for these projects will be returned to the capital asset reserve.

The projects being considered at this time are:

- PM-24 Connection Modification – MWD has indicated they will be reconsidering their long standing position on the turndown percentage for meters because of newer technologies. This could drastically reduce the cost for achieving the desired effect of increasing Miramar sales by reducing minimum flows on PM-24. Staff is participating in workgroup discussions with MWD management regarding the impacts of this policy change.
- Miramar Storage Building – This project is completed.
- Miramar Hydro Switchboard – This project is completed.

Moving these funds at this time allows TVMWD to have a more complete picture of board designated funds (see attached schedule) available to meet individual reserve goal amounts along with the overall emergency reserve goal of \$10 million.

Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions



BUDGET AMENDMENT

To: Finance Department

Fiscal Year: 16-17

From: Finance Department
Department

Date: 3/1/17

Subject: Return unexpended funds to Capital Asset R/R

Please process this request and distribute the budget amendment as follows:

Expenditure Amendment

Ref No.	Line Item Description	Account Number	FY Budget (\$)			Reserve Funds (\$)		
			Existing	Change (+/-)	Revised	Existing	Change (+/-)	Balance
1	Capital Asset R/R				0	5,106,261	503,535	5,609,796
2	PM-24 Connection Modification	20.21.58441	360,000	(360,000)	0			0
3	Miramar Storage Building	20.21.58445	6,025	(6,025)	0			0
4	Miramar Hydro Switchboard	20.21.58152	137,510	(137,510)	0			0
5					0			0
6					0			0
7					0			0
8					0			0
9					0			0
10					0			0
NET CHANGE:				\$503,535			\$503,535	

Attach staff report, motion, committee and/or board minutes associated with this budget amendment

YES NO

Committee Review: Date: _____

Board Approval: Date: _____

- Amendment Procedure**
1. If required by District policy, General Manager requests Board approval of budget amendment. Request to amend budget must be included in the staff report.
 2. Upon Board approval, the Finance Department secures all necessary signatures to complete the Budget Amendment form. The staff report and board minutes, if any, should be attached to the form.
 3. Finance Department maintains all appropriate documentation and processes the budget entry.
 4. A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Chief Finance Officer Signature Date: _____

General Manager Signature Date: _____

Finance Dept Use Only

Date Received _____

Board Report Date _____

Motion # _____

Date Posted _____

Posted By _____

TVMWD RESERVES SCHEDULE

FUND BALANCE	June 30, 2016 BALANCE	SOURCES	USES	TRANSFERS	January 31, 2017 BALANCE
RESERVED FOR ENCUMBRANCE					
Security Equipment	92,269	-	-	-	92,269
Miramar Hydros #2 & #3	166,797	-	(2,346)	(40,000)	124,451
SCADA Modification/Upgrades	67,253	18,954	(5,250)	-	80,957
Manway Installations	106,185	176,076	(2,696)	-	279,565
PM-24 Connection Modification	560,000	-	-	(560,000)	-
Miramar Storage Building	6,975	-	(950)	(6,025)	-
PM-26 Expansion	40,000	167,813	-	-	207,813
Administration Building Improvements	506,582	-	(8,048)	-	498,535
TVMWD Well - Grand Ave. Claremont	127,964	276,154	14,251	-	418,369
TVMWD Well - West Baseline Claremont	626,257	-	(101,233)	-	525,024
Miramar Plant Plunger Valve	150,000	-	-	-	150,000
Carport Cover w/Solar Panels	6,019	245,833	(1,130)	-	250,722
Pond 3 Sump Pump	37,781	158,000	(8,935)	-	186,847
Williams Hydroelectric Analysis/Switchboard Repl	102,772	158,611	-	-	261,383
Fulton Hydroelectric Analysis/Switchboard Replace	116,694	127,222	-	-	243,916
Miramar Hydroelectric Switchboard Replacement	12,289	125,221	-	(137,510)	-
Vehicle Replacement	-	-	-	40,000	40,000
Leroy's Connection Replacement	-	-	-	200,000	200,000
Plant 2 Electrical Panel Modifications	-	80,000	-	-	80,000
	\$ 2,725,837	\$ 1,533,884	\$ (116,335)	\$ (503,535)	\$ 3,639,851


RESERVE GOAL

BOARD DESIGNATED					
Board Elections	\$ 160,000	-	-	-	\$ 160,000
Water Management	66,667	-	-	-	66,667
Water Rate Stabilization	1,672,035	-	-	-	1,672,035
Capital Asset R/R	5,106,261	-	-	503,535	5,609,796
Opportunity	1,770,545	-	-	-	1,770,545
Employee Benefits - Retiree Medical	442,973	-	(442,973)	-	-
Emergency	-	-	-	-	-
	\$ 9,218,481	\$ -	\$ (442,973)	\$ 503,535	\$ 9,279,043

Lower	Upper
\$ 120,000	\$ 160,000
-	200,000
1,200,000	1,800,000
4,100,000	7,100,000
2,000,000	3,000,000
1,817,576	1,817,576
720,957	720,957
\$ 9,958,533	\$ 14,798,533



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager 
Date: March 1, 2017
Subject: FY 17-18 Annual Purchase Orders

<input type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Discussion:

In April of 2015 the Board adopted an updated purchasing policy for TVMWD. General purchases exceeding \$50,000 and public projects exceeding \$125,000 are to be approved by the board. Staff has listed below all vendors TVMWD uses on an ongoing basis. Staff felt it appropriate to bring these vendors before the Board for consideration for FY 17-18.

- ACWA Joint Powers Insurance Authority (JPIA) - \$600,000 for medical, dental, vision, life, liability, property and workers' compensation insurance. This activity is categorized as section E professional services of the purchasing policy. Staff feels JPIA qualifies as a sole source.
- Brunick, McElhaney and Kennedy Professional Law Corporation - \$135,000 for legal services. This activity is categorized as section E professional services of the purchasing policy; however staff feels that Mr. Kennedy's qualifications and history with TVMWD at a very reasonable fee justifies qualifying as a single source vendor.
- Chemicals - Chemicals are categorized as section B general supplies of the purchasing policy, normally requiring competitive bids. However chemicals meet the exception to competitive offer requirements as a good with significant market fluctuation. Requiring a guaranteed price for a year would cost TVMWD more than simply paying the ebbs and flows of the current market price.
 - JCI Jones Chemicals - \$67,000 for chlorine.
 - Kemira Water Solutions - \$175,000 for aluminum chlorohydrate.
 - Univar USA, Inc. and Brenntag Pacific, Inc. - \$120,000 for sodium hydroxide and sulfuric acid.

Senior staff frequently compares pricing to obtain the lowest cost for each order.

Item 8.C.3

- Michael J. Arnold and Associates - \$75,000 to serve as state lobbyist. Staff feels it would be in the best interest of TVMWD to continue their services. Staff feels Mr. Arnold's qualifications and history with TVMWD justifies qualifying as a single source vendor.
- Accent Computer Solutions, Inc - \$50,000 to serve as the IT (information technology) consultant for TVMWD. Accent performs a wide range of IT services for TVMWD, including troubleshooting, systems backup, repairs, hardware/software purchases, desktop and server installations. Response time and follow-up to issues is quick and their support staff has been very professional. Accent is headquartered in Rancho Cucamonga.

Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: March 1, 2017
Subject: FY 17-18 TVMWD Budget Draft 1.0

Form with checkboxes for: For Action, Fiscal Impact, Funds Budgeted, Information Only, Cost Estimate: \$

Discussion:

Staff will conduct a budget workshop today. Attached is the first draft of the FY 17-18 Budget. Staff has considered the following assumptions in preparing this budget:

- This draft is based on MWD's Ten-Year Financial Forecast prepared by MWD staff last year for the 2017 and 2018 rate setting cycles.

MWD's member agencies participated in a workgroup the last six months regarding a potential change to the treatment surcharge. The workgroup proposed a change of moving from 100% variable treatment costs to 16% fixed costs; however the change would not be effective until 2021. This proposal went before MWD's Finance and Insurance Committee on February 13th. The Committee decided to hold off on any decision until the March committee meeting. Since the Committee members seemed non-committal about a direction, TVMWD staff did not include the proposed change in the budget and rates presented today.

- Sales estimates are again based on TVMWD member agency input. Each agency provided an estimate regarding their 2017-2022 demands from the Miramar Treatment Plant, the Weymouth Treatment Plant and raw water deliveries.

Highlights of this draft budget:

Pass Through Fund

- The MWD RTS Charge is decreasing \$300,000 for the fiscal year but increasing \$200,000 for calendar year 2018. The impact on TVMWD is the standby charge collected for the fiscal year will decrease from \$20.16 per EDU to \$18.53, thus reducing costs for public noticing and eliminating the need for one public meeting in June.
The MWD Capacity Charge is decreasing \$300,000 for the fiscal year and decreasing \$100,000 for calendar year 2018. Although the rate increased from \$8,000 per cfs to \$8,700, the peak flow that it is based on decreased from 178.6 cfs to 152.8.

Capital Fund

- Capital projects were outlined in the recently adopted strategic plan. The major project continues to be enhancing local groundwater production with the addition of wells. TVWMD continues to utilize property taxes to fund capital projects, allowing for TVMWD to continue operating with no likelihood of issuing debt.

Operating Fund

- MWD's untreated water rate is increasing 4.4%. The treatment surcharge is increasing 2.2%. This results in an overall increase in the treated water rate of 3.7%.
- Projected water sales for FY 17-18 are increasing to 54,000 AF, whereas last year our assumption for FY 17-18 was 49,000 AF. In preparing water demand estimates, member agencies considered current year sales, existing and potential state regulations, and the effects on customers of the winter weather. As stated in the past, the key to keeping rates as low as possible is to maximize the Miramar Treatment Plant. Fortunately Miramar sales are projected to increase 10% from the prior budget.
- The TVMWD controllable budget (All other Operating Fund expenses less water costs) is increasing 8% due to the following:
 - Operations and Maintenance is increasing 15% due to:
 - Increased chemical costs (due to more water sales and price increases effective January 2017) and increased electricity costs (due to pressure changes in the Rialto feeder and a better understanding of the new NEM contract with SCE)
 - Staff Compensation (salary/benefits) is increasing 6.7% due to:
 - Eligible merit (5%) and cost of living (1.48%) increases account for 4.3%
 - CalPERS employer rate and unfunded liability payment accounts for 1.3% of the increase. CalPERS decision to reduce the discount rate from 7.5% to 7% over the next few years is increasing these costs in the outlying years.
 - Increases in health premiums account for 1% of the overall increase.
 - Directors Compensation (meeting compensation/benefits) is increasing 12% due to:
 - Meeting compensation is increasing 12%, accounting for 6.3% of the overall increase. As discussed at the previous meeting, staff budgets an estimate for each director based on past history. Since the meeting compensation is projected to go over budget for the current fiscal year, the estimates for the budget were increased.

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- Increases in health premiums account for 3.2% of the overall increase
- Expenses for seminars, conferences and travel are increasing 30%, accounting for 2.3% of the overall increase. As discussed at the previous meeting, staff budgets an estimate for each director based on past history. Since the expenses for seminars, conferences and travel are over budget for the current fiscal year, the estimates for the budget were increased.
- Reserve replenishment is increasing due to:
 - Paying for the election for Division 6
 - Making a commitment to set aside \$50,000 each year to help decrease the unfunded pension liability. Any funds set aside will be transferred to the PARS trust at year-end.
- Property taxes are increasing approximately \$100,000 based on recent receipts.

Staff also wanted to comment about board designated reserves (see schedule attached). All categories are within the upper and lower limits, with the exception of having \$10,000,000 of overall board designated reserves to meet the emergency goal. Board designated reserves are currently at \$9.3 million and should be above \$10 million by the end of FY 17-18. Based on this, staff sees no need to budget any additional amounts to reach the emergency goal.

Although TVMWD is increasing controllable costs, the increased demands on the Miramar Treatment Plant will turn our \$8 per AF surcharge to a \$0 surcharge.

Also attached are the Fixed and Capacity Charge sheets showing each agency's expected contribution for 2018.

Based on discussion from this meeting and the member agency manager's meeting, staff will fine tune the budget/rates and bring back a recommendation at the April Board Workshop.

Strategic Plan Objective(s):

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

FY 2017/18 TVMWD BUDGET VERSION 1										
	FY 2016/17 Budget	FY 2016/17 Projected	FY 2017/18 Budget	Pass Through Fund	Operating Fund	Capital Fund	FY 2018/19 Budget	FY 2019/20 Budget	FY 2020/21 Budget	FY 2021/22 Budget
REVENUES										
Water Sales	44,592,121	55,821,076	52,066,810		52,066,810		51,167,521	52,212,358	54,669,573	56,714,922
Standby Charge	3,732,684	3,732,684	3,430,206	3,430,206			3,583,131	3,736,079	3,984,208	4,365,582
Capacity Charge Assessment	1,687,770	1,687,770	1,379,080	1,379,080			1,175,430	1,038,525	1,078,250	1,117,975
Property Taxes	1,942,527	2,009,685	2,041,850			2,041,850	2,041,850	2,041,850	2,041,850	2,041,850
Fixed Charge Assessment	629,361	629,361	630,602		630,602		664,739	698,875	731,943	762,669
Hydroelectric Sales	36,891	210,000	36,891		36,891		36,891	36,891	36,891	36,891
Interest Income	114,552	8,755	130,979		130,979		129,750	129,750	129,750	129,750
Notes Receivable	35,700	35,700	35,700		35,700		-	-	-	-
Cell Tower Lease Rent	22,800	-	17,100		17,100		23,484	24,189	24,914	25,662
Pumpback O&M & Reservoir #2 Reimb.	20,000	22,396	20,000	20,000			20,000	20,000	20,000	20,000
Grants and Other Revenue	4,725	4,782	4,818		4,818		4,938	5,062	5,188	5,318
TOTAL REVENUES	52,819,131	64,162,210	59,794,037	4,829,286	52,922,900	2,041,850	58,847,735	59,943,579	62,722,568	65,220,616
EXPENSES										
Water Purchases	39,388,006	50,074,790	45,574,554		45,574,554		45,049,315	45,994,811	48,472,028	50,465,938
MWD RTS Charge	3,732,684	3,732,684	3,430,206	3,430,206			3,583,131	3,736,079	3,984,208	4,365,582
Staff Compensation	3,639,907	3,656,493	3,883,535		3,883,535		4,083,746	4,292,939	4,519,201	4,724,082
MWD Capacity Charge	1,687,770	1,687,770	1,379,080	1,379,080			1,175,430	1,038,525	1,078,250	1,117,975
Operations and Maintenance	1,069,389	1,336,303	1,229,455		1,229,455		1,272,486	1,317,023	1,363,119	1,410,828
Capital Repair and Replacement	1,850,349	1,200,994	577,640			577,640	290,096	150,000	150,000	150,000
Capital Investment Program	1,905,837	844,796	1,395,862			1,395,862	2,028,855	1,580,760	1,066,667	3,040,000
Professional Services	416,005	384,677	412,556		412,556		426,995	441,940	457,408	473,417
Directors Compensation	269,381	285,012	302,345		302,345		312,001	322,017	332,407	343,186
Communication and Conservation Programs	217,767	163,092	203,769		203,769		210,901	218,283	225,923	233,830
Planning and Resources	165,000	182,293	142,191		142,191		147,167	152,318	157,649	163,167
Membership Dues and Fees	118,860	121,388	121,636		121,636		125,893	130,299	134,860	139,580
Hydroelectric Facilities	34,407	57,651	43,004		43,004		44,509	46,067	47,679	49,348
Pumpback O&M & Reservoir #2	20,000	22,396	20,000	20,000			20,000	20,000	20,000	20,000
Board Elections	-	45,000	-		-		-	82,800	85,698	88,697
Reserve Replenishment	181,394	181,394	253,894		253,894		72,500	50,000	50,000	50,000
Project Encumbrances from prior year		1,710,396	1,710,396			1,710,396	-	-	-	-
TOTAL EXPENSES	54,696,756	65,687,130	60,680,123	4,829,286	52,166,939	3,683,898	58,843,025	59,573,862	62,145,098	66,835,629
NET INCOME (LOSS) BEFORE TRANSFERS	(1,877,626)	(1,524,920)	(886,086)	-	755,961	(1,642,048)	4,710	369,718	577,470	(1,615,013)
TRANSFER FROM/(TO) CAPITAL RESERVES	(912,178)	(912,178)	(68,348)			(68,348)				
TRANSFER FROM/TO ENCUMBERED RESERVES	2,725,837	2,725,837	1,710,396			1,710,396				
NET INCOME (LOSS) AFTER TRANSFERS	(63,967)	288,739	755,961	-	755,961	-	4,710	369,718	577,470	(1,615,013)
			CY 2018				CY 2019	CY 2020	CY 2021	CY 2022
		MWD RATE	\$ 1,015				1,053	1,092	1,123	1,164
		TVMWD SURCHARGE	\$ -				-	-	-	-
		TVMWD RATE	\$ 1,015				1,053	1,092	1,123	1,164
		ANNUAL FIXED CHARGE	\$ 648,109				\$ 681,369	\$ 716,382	\$ 747,504	\$ 777,834

TVMWD FIXED CHARGES SUMMARY
EFFECTIVE: January 2018

AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER (ESM)			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	29.4	\$ 110.30	0.05%	1.5	\$ 858.42	0.40%	258.5	\$ 216.04	0.10%	\$ 1,184.76
Cal Poly	242.2	\$ 907.63	0.42%	2.0	\$ 1,144.56	0.53%	2,584.8	\$ 2,160.36	1.00%	\$ 4,212.56
Covina	953.6	\$ 3,573.55	1.65%	20.0	\$ 11,445.64	5.30%	5,184.7	\$ 4,333.36	2.01%	\$ 19,352.55
Glendora	1,818.4	\$ 6,814.21	3.15%	40.0	\$ 22,891.28	10.60%	26,948.5	\$ 22,523.61	10.43%	\$ 52,229.10
Joint Water Line (JWL)	19,668.3	\$ 73,705.48	34.12%	121.0	\$ 69,246.13	32.05%	0.0	\$ -	0.00%	\$ 142,951.61
La Verne	5,327.8	\$ 19,965.61	9.24%	15.0	\$ 8,584.23	3.97%	20,997.5	\$ 17,549.73	8.12%	\$ 46,099.57
Mt. Sac	303.8	\$ 1,138.34	0.53%	5.0	\$ 2,861.41	1.32%	2,584.8	\$ 2,160.36	1.00%	\$ 6,160.12
Pomona	0.0	\$ -	0.00%	10.0	\$ 5,722.82	2.65%	47,258.5	\$ 39,498.70	18.28%	\$ 45,221.52
Rowland Water District	4,661.4	\$ 17,468.40	8.09%	30.0	\$ 17,168.46	7.95%	25,668.5	\$ 21,453.76	9.93%	\$ 56,090.63
GSWC (Claremont)	3,945.7	\$ 14,786.18	6.84%	15.0	\$ 8,584.23	3.97%	29,355.0	\$ 24,534.94	11.36%	\$ 47,905.35
GSWC (San Dimas)	7,723.7	\$ 28,944.09	13.40%	35.0	\$ 20,029.87	9.27%	32,189.5	\$ 26,904.02	12.45%	\$ 75,877.98
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	16,942.5	\$ 14,160.56	6.55%	\$ 14,160.56
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 2,289.13	1.06%	1,595.6	\$ 1,333.61	0.62%	\$ 3,622.74
Walnut Valley Water District	12,974.9	\$ 48,622.68	22.51%	79.0	\$ 45,210.28	20.93%	46,910.0	\$ 39,207.43	18.15%	\$ 133,040.39
TOTAL	57,649.2	\$ 216,036	100%	377.5	\$ 216,036	100%	258,478	\$ 216,036	100%	\$ 648,109

Notes:

1. The Imported Water Use Charge is based on average import water deliveries in the 2012-13, 2013-14 and 2014-15 fiscal years.
2. Connected Capacity for the Badillo-Grand Pipeline is according to WVWD's maintenance allocation: WVWD 60 cfs and Valencia Heights. 4 cfs.
3. Boy Scouts ESM Charge is calculated based on 0.1% of total ESMs; Cal Poly & Mt. SAC ESM Charges are calculated based on 1.0% of total ESMs
4. Covina, Glendora, and Valencia Heights ESM Charges are calculated based on 27%, 98%, and 67%, respectively, of their corresponding total ESMs.
Percentages are based on agencies' service area within TVMWD.
5. Fire Service Meters are not included in the ESM calculations

MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2018

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.6	\$ 4,992.23	\$ 416.02	0.38%
Cal Poly	0.7	\$ 6,418.58	\$ 534.88	0.48%
Covina	5.3	\$ 46,356.44	\$ 3,863.04	3.49%
Glendora	17.5	\$152,619.66	\$12,718.30	11.48%
Joint Water Line (JWL)	40.1	\$348,743.05	\$29,061.92	26.23%
La Verne	14.4	\$125,579.59	\$10,464.97	9.45%
Mt. Sac	1.0	\$ 8,558.11	\$ 713.18	0.64%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	11.8	\$102,697.34	\$ 8,558.11	7.73%
GSWC (Claremont)	17.3	\$150,419.51	\$12,534.96	11.32%
GSWC (San Dimas)	12.9	\$111,968.63	\$ 9,330.72	8.42%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	31.2	\$271,006.87	\$22,583.91	20.39%
TOTAL	152.8	\$ 1,329,360	\$ 110,780	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 2014, 2015, 2016.
- 2 The MWD Capacity Charge basis of 152.8 cfs at \$8,700 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

TVMWD RESERVES SCHEDULE

RESERVE GOAL

FUND BALANCE	June 30, 2016 BALANCE	SOURCES	USES	TRANSFERS	January 31, 2017 BALANCE
RESERVED FOR ENCUMBRANCE					
Security Equipment	92,269	-	-	-	92,269
Miramar Hydros #2 & #3	166,797	-	(2,346)	(40,000)	124,451
SCADA Modification/Upgrades	67,253	18,954	(5,250)	-	80,957
Manway Installations	106,185	176,076	(2,696)	-	279,565
PM-24 Connection Modification	560,000	-	-	(560,000)	-
Miramar Storage Building	6,975	-	(950)	(6,025)	-
PM-26 Expansion	40,000	167,813	-	-	207,813
Administration Building Improvements	506,582	-	(8,048)	-	498,535
TVMWD Well - Grand Ave. Claremont	127,964	276,154	14,251	-	418,369
TVMWD Well - West Baseline Claremont	626,257	-	(101,233)	-	525,024
Miramar Plant Plunger Valve	150,000	-	-	-	150,000
Carport Cover w/Solar Panels	6,019	245,833	(1,130)	-	250,722
Pond 3 Sump Pump	37,781	158,000	(8,935)	-	186,847
Williams Hydroelectric Analysis/Switchboard Repl	102,772	158,611	-	-	261,383
Fulton Hydroelectric Analysis/Switchboard Replace	116,694	127,222	-	-	243,916
Miramar Hydroelectric Switchboard Replacement	12,289	125,221	-	(137,510)	-
Vehicle Replacement	-	-	-	40,000	40,000
Leroy's Connection Replacement	-	-	-	200,000	200,000
Plant 2 Electrical Panel Modifications	-	80,000	-	-	80,000
	\$ 2,725,837	\$ 1,533,884	\$ (116,335)	\$ (503,535)	\$ 3,639,851

BOARD DESIGNATED					
Board Elections	\$ 160,000	-	-	-	\$ 160,000
Water Management	66,667	-	-	-	66,667
Water Rate Stabilization	1,672,035	-	-	-	1,672,035
Capital Asset R/R	5,106,261	-	-	503,535	5,609,796
Opportunity	1,770,545	-	-	-	1,770,545
Employee Benefits - Retiree Medical	442,973	-	(442,973)	-	-
Emergency	-	-	-	-	-
	\$ 9,218,481	\$ -	\$ (442,973)	\$ 503,535	\$ 9,279,043

Lower	Upper
\$ 120,000	\$ 160,000
-	200,000
1,200,000	1,800,000
4,100,000	7,100,000
2,000,000	3,000,000
1,817,576	1,817,576
720,957	720,957
\$ 9,958,533	\$ 14,798,533