

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

**AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT
1021 E. MIRAMAR AVENUE, CLAREMONT, CA 91711
Wednesday, October 3, 2018 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**

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 present determine a need for immediate action, and the need to act came to the attention of TVMWD after the agenda was posted; this exception requires a degree of urgency. If fewer than two-thirds of the Board members are present, all must affirm the action to add an item to the agenda. *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 within its jurisdiction. The public may also address the Board on items being considered on this agenda. TVMWD requests that all public speakers complete a speaker's card and provide it to the Executive Assistant.

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

Item 7 – Presentation, Jerald Meral, Water Supply & Water Quality Act of 2018

Kuhn

Mr. Meral will provide the Board with an update on the Proposition 3-Water Bond initiative, slated for the November 6 election ballot.

Item 8 – General Manager’s Report

Hansen

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof

8.A – FY 17-18 Reserves Schedule and Encumbrance Carryforward [enc]

Linthicum

The Board will review the FYE 6/30/2018 reserve schedule and encumbrances and provide direction to staff for action at a future meeting.

8.B – Annual Consideration of Contributions to Pension and OPEB Trust [enc]

Linthicum

The Board will consider funding to the Pension / OPEB Trust and provide direction to staff for action at a future meeting.

8.C – On-Call Emergency Contractors – Request to Enter Into Long-Term Contracts [enc]

Litchfield

The Board will review the proposed on-call emergency service contracts and direct staff to return for action at a future meeting.

8.D – Project Summary Update [enc]

Garcia

The Board will review a summary update of ongoing projects.

8.E – AGM Report

Litchfield

The Assistant General Manager will update the Board on various activities and meetings under his purview (*this page left blank intentionally*).

Item 9 – Closed Session

Kuhn

The Board will be briefed and report on two closed-session items as shown below.

9.A – Conference with Labor Negotiators pursuant to Government Code 54957.6

- District designated representative: Steven M. Kennedy, Esq. Law Offices of Brunick, McElhaney and Kennedy
- Unrepresented employee: General Manager

9.B – Conference with Labor Negotiators pursuant to Government Code 54957.6

- District designated representative: Steven M. Kennedy, Esq. Law Offices of Brunick, McElhaney and Kennedy
- Unrepresented employee: Interim General Manager

Item 10 – Announcement of Closed Session Actions

Kuhn

Item 11 – Future Agenda Items

Kuhn

Item 12 – Adjournment

Kuhn

The Board will adjourn to a Regular Board Meeting on October 17, 2018 at 8:00 a.m.

American Disabilities Act Compliance Statement

Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above 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.

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



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 3, 2018
Subject: FY 17-18 Reserves Schedule and Encumbrance Carryforward

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

Background:

Attached for Board review is the Reserves Schedule as of June 30, 2018 presented as prescribed by GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 presentation is not required, however tracking fund balance in this manner provides greater visibility as to the level of fund balance available for use. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The hierarchy of five possible classifications of fund balance is:

- Nonspendable – Amounts that cannot be spent due to form.
• Restricted – Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
• Committed (Reserved for Encumbrance) – Amounts constrained for a specific purpose by a government using its highest level of decision-making authority.
• Assigned (Board Designated) – Amounts intended for specific purposes.
• Unassigned – The residual fund balance.

The Board has control primarily over Committed, Assigned and Unassigned.

Committed (Reserved for Encumbrance):

The Reserved for Encumbrance category reflects the final reconciliation for all encumbered projects that were completed or are still in progress.

- There is \$634,878 remaining from projects completed as of June 30, 2018. As has been done in the past, staff is proposing to return those funds to the Capital Asset reserve category.

Item 8.A

- There is \$1,907,288 remaining from projects that are incomplete as of June 30, 2018. Staff recommends carrying these funds forward to FY 18-19 to finish the projects.

Assigned (Board Designated):

- All categories are within goal limits.
- Board Elections reserves will be replenished to the upper goal limit by the end of FY 18-19.
- Miramar sales were 2,600 acre-feet short of budget while Weymouth sales were 8,100 acre-feet more than budget. Due to this shift of sales, water expenses were higher than expected. This is the primary reason for a bottom line loss for the year of \$318,280. Staff recommends using \$318,280 of the Water Rate Stabilization reserve.
- Total Board Designated reserves are just short of the \$10 million goal for Emergency reserves. Discussion and options will be brought forward during the next budget/rate setting cycle.

Recommendation Summary:

At the next board meeting on October 17, staff will bring forth the following recommendations:

- Approval to return \$634,878 of unused funds from completed capital projects to the Capital Asset reserve category.
- Approval to carryforward \$1,907,288 of unused capital projects to FY 18-19 to complete ongoing projects.
- Approval to utilize \$318,280 of Water Rate Stabilization reserves.

Strategic Plan Objectives:

- 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

Item 8.A

TVMWD RESERVES SCHEDULE

FUND BALANCE	June 30, 2017 BALANCE	SOURCES	USES	TRANSFERS	Year End Allocation	June 30, 2018 BALANCE
NONSPENDABLE						
Water Inventory - Long Term	\$ 785,788	6,269,010	(6,733,068)	-	-	\$ 321,730
Prepays	58,193	72,781	(58,193)	-	-	72,781
Deposits	26,089	23,072	(17,656)	-	-	31,505
Invested in Capital Assets net of related debt	28,369,643	2,760,960	(1,572,226)	-	-	29,558,377
	\$ 29,239,713	\$ 9,125,823	\$ (8,381,143)	\$ -	\$ -	\$ 29,984,393
RESTRICTED						
Restricted for debt service	\$ 338,096	3,005	-	-	-	\$ 341,101
	\$ 338,096	\$ 3,005	\$ -	\$ -	\$ -	\$ 341,101
RESERVED FOR ENCUMBRANCE						
Security Equipment	92,270	-	(58,780)	-	(33,490)	-
SCADA Modification/Upgrades	75,497	92,774	(11,928)	-	(156,343)	-
Manway Installations	274,408	14,406	-	(200,000)	(88,814)	-
Miramar Transmission Main Inspect/Repair	-	-	(97,579)	100,000	(2,421)	-
PM-26 Expansion	207,813	-	(12,871)	-	(194,942)	-
Administration Building Improvements	101,090	-	(52,438)	-	-	48,652
TVMWD Well - Grand Ave. Claremont	379,086	1,139,862	(890,394)	-	-	628,554
TVMWD Well - West Baseline Claremont	510,903	-	(155)	-	-	510,748
Carports	238,722	-	(9,550)	-	-	229,172
Pond 3 Sump Pump	82,594	-	(14,650)	(31,000)	(36,944)	-
Williams Hydroelectric Analysis/Switchboard Replacement	234,574	-	(167,184)	(49,500)	(17,890)	-
Fulton Hydroelectric Analysis/Switchboard Replacement	217,107	-	(166,151)	(38,000)	(12,956)	-
Leroy's Connection Replacement	191,730	-	(180,651)	-	(11,079)	-
Plant 2 Electrical Panel Modifications	80,000	-	-	-	(80,000)	-
Bldg Modifications-Bathroom Upgrades	-	48,000	(47,913)	-	-	87
Bldg Modifications-Operations Interior	-	272,460	-	-	-	272,460
Miramar Plant Plunger Valve	-	150,000	(160,727)	16,000	(5,273)	-
Hydropneumatic Tank System Improvements	-	-	(12,357)	50,000	-	37,643
CLP - Land Acquisitions	-	-	(721,850)	722,678	(828)	-
Reservoir Effluent Pump System	-	256,000	(120,028)	44,000	-	179,972
	\$ 2,685,794	\$ 1,973,502	\$ (2,725,206)	\$ 614,178	\$ (634,878)	\$ 1,907,288
BOARD DESIGNATED						
Board Elections	\$ 90,245	34,878	-	-	-	\$ 125,123
Water Management	133,334	66,666	-	-	-	200,000
Water Rate Stabilization	1,672,035	-	-	-	(318,280)	1,353,755
Capital Asset R/R	5,727,440	-	-	(816,678)	634,878	5,545,640
Operations Reliability	1,885,273	614,727	-	-	-	2,500,000
Employee Benefits - Retiree Medical	128,237	50,000	-	-	-	178,237
Emergency	-	-	-	-	-	-
	\$ 9,636,564	\$ 766,271	\$ -	\$ (816,678)	\$ 316,598	\$ 9,902,755
UNASSIGNED						
General	\$ -	-	(318,280)	-	318,280	-
	\$ -	\$ -	\$ (318,280)	\$ -	\$ 318,280	\$ -
TOTAL FUND BALANCE	\$ 41,900,167					\$ 42,135,538

RESERVE GOAL

Lower	Upper
\$ 120,000	\$ 160,000
-	200,000
1,200,000	1,800,000
4,100,000	8,200,000
2,000,000	3,000,000
-	2,100,000
-	97,245
\$ 7,420,000	\$ 15,557,245



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 3, 2018
Subject: Annual Consideration of Contributions to Pension and OPEB Trust

Form with checkboxes for For Action, Information Only, Fiscal Impact, Cost Estimate, and Funds Budgeted.

Background:

TVMWD established an IRS Section 115 Trust with PARS in November of 2016. The Trust provides for the ability to legally set-aside funds to reduce TVMWD’s pension and OPEB liabilities.

- OPEB Trust
- Balance of \$876,000 as of June 30, 2018, which represents a funded status of 82% of the OPEB liability less the “implicit subsidy”.
- The initial strategy decision was to maintain Trust at 80-90% with the remaining balance kept in TVMWD reserves. Total funded status including TVMWD reserves is 93%.
- Staff recommends no contribution currently.
Pension Trust
- Balance of \$341,000 as of June 30, 2018. Along with the funds held by CalPERS TVMWD, the funded status of the Pension liability is 80%.
- The initial strategy decision for the FY 17-18 budget was to accumulate \$50,000 to contribute to the Trust. For the FY 18-19 budget and beyond, TVMWD’s goal is to accumulate and contribute \$200,000 per year.
- Staff recommends a \$50,000 contribution to the pension trust as planned.

Also, staff will review these plans again in 4-6 months and bring forward options during the next budget/rate setting cycle.

Strategic Plan Objectives:

- 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



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 3, 2018
Subject: On-Call Emergency Contractors – Request to Enter Into Long-Term Contracts

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

Discussion:

In June 2018, staff identified an existing list of pre-approved contractors identified for “on-call” services. Upon review of the contractors, it was determined that (1) the list has not been updated in some time and (2) was limited to only a limited number of available contractors.

Currently, District operations staff is not equipped to make major repairs including transmission main ruptures, major leaks, trench failures or structural failures of facilities and relies on outside contracted forces to respond and conduct these repairs.

Staff issued an informal RFP to various general engineering contractors located within a reasonable distance to the District. Listed in the RFP were the following requirements to be addressed within the proposal:

- 1. Letter of Interest
2. Firm Organization
3. Construction Team and Approach to Providing the Service
4. Experience

5. Sample of Costs Including Typical Hours Worked
6. Equipment and Staff
7. Financial Statement

The RFP identified minimum qualifications for selection as follows:

- The contractor shall have an Engineering Class A, or Pipeline Class C-34 license
- The contractor must have completed five construction/repair projects in the past five (5) years
- All contractors and subcontractors shall be registered on an annual basis with the California Department of Industrial Relations (DIR)
- The contractor must be available 24-hours a day, 7 days a week, and be able to respond on site within 2-hours for an emergency call out

All of the proposals received were evaluated by staff based on the following categories and percentage weightings:

- Relevant Experience (30%)
- Approach to providing service (40%)
- Qualifications of the firm, project manager(s), foremen, etc. (15%)
- References on previous project experience (15%)

A total of seven proposals were received by the deadline identified in the RFP. The firms that responded are as follows:

1. Ted Burton Underground, Inc.
2. CP Construction, Inc.
3. Stephen Doreck Equipment Rentals, Inc. dba Doreck Construction
4. El-Co Contractors, Inc.
5. Doty Bros. Equipment Co. dba Doty Bros. Construction Co.
6. Kirtley Construction, Inc. dba TK Construction
7. WA Rasic Construction Co. Inc.

Analysis:

Staff thoroughly analyzed all seven of the proposals received. All seven contractors who proposed met the minimum qualifications as outlined in the RFP. However, two of the contractors financial statement were either missing or not properly identified. Staff will pursue those documents from both Ted Burton Underground, Inc. and TK Construction prior to the October 17, 2018 Board meeting and will make the appropriate recommendation at that time.

Recommendation:

That the Board of Directors consider this item at the regular October 17, 2018 Board meeting. The recommendation at that time will be as follows:

Approve the General Manager to negotiate and execute professional service agreements with the qualified firms as outlined in the staff report for a 3 year term with an option to extend an additional 3 years.

Fiscal Impact:

Currently, there is no fiscal impact as a result of executing professional service agreements with the qualified contractors as no work has been identified. As incidents arise necessitating the need for these services, task orders will be issued to the responding contractor conducting the repair. All task orders issued that exceed the General Manager's authority as outlined in the District's Purchasing Policy will be brought back to Board for ratification.

Strategic Plan Objectives:

- 1.4 – Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe.
- 1.5 – Maintain water infrastructure to assure 100% reliability.
- 2.3 – Manage water infrastructure and staff operations to minimize costs.
- 3.3 – Be accountable and transparent with major decisions



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager *RH*
Date: October 3, 2018
Subject: Project Summary Update

<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:

Brief status reports for projects are provided below:

TVMWD Grand Avenue Well Project – Project No. 58446

The well drilling contractor is addressing final punch-list items. The engineering consultant is preparing the design of the well equipping facilities (Phase 2), which include delivery infrastructure such as discharge piping, pump, motor, electrical equipment, and associated site improvements. Staff anticipates the well equipping design will be completed by mid-December 2018. Meanwhile, construction of a block wall along the north side of the property has recently been completed.



Item 8.D

TVMWD Baseline Road Well Project – Project No. 58458

No new information at this time.

Reservoir Effluent Pump Station Project – Project No. 58459

The contractor has completed installation of the booster pumps and electrical equipment, and start-up and performance testing is scheduled in the coming week. Staff anticipates these activities will be completed soon and the pump station will be fully operational.



Hydropneumatic Tank Replacement Project – Project No. 58460

Staff is currently holding the construction start of this project until after the completion and testing of the Reservoir Effluent Pump Station. Accordingly, construction activities are expected to begin in late 2018 or early 2019.

JWL Control Valve – Project No. 58462

TVMWD's design consultant completed the 100% design for this flow control valve installation. Staff is currently reviewing the plans and coordinating the work with JWL staff. It is anticipated that project construction will begin in late December 2018 or January 2019.

Item 8.D

6th/White Meter Connection Upgrades – Project No. 58159

The existing flow meter and SCADA equipment are slated to be upgraded at this connection. Staff anticipates TVMWD's SCADA integrator, Prime Systems Inc., will complete its design within the next week for staff review and comment. Staff is in the process of obtaining quotes for the electrical portion of the work.

Construction is scheduled for early December 2018 to coincide with MWD's Rialto Feeder shutdown during such period when this particular connection is not in use.



Strategic Plan Objectives:

- 1.4 – Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe.
- 1.5 – Maintain water infrastructure to assure 100% reliability.
- 2.3 – Manage water infrastructure and staff operations to minimize costs.
- 3.3 – Be accountable and transparent with major decisions