

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 the meeting room.

**AMENDED AGENDA**  
**REGULAR BOARD MEETING**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**1021 E. MIRAMAR AVENUE, CLAREMONT, CA 91711**

**Wednesday, March 4, 2020**  
**8:00 a.m.**

*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**

**Litchfield**

- Mr. Andy Malone from Wildermuth Environmental, Inc. will provide a presentation on Satellite Mapping Systems.
- Mr. Jayson Schmitt from Chandler Asset Management will provide the Board with an annual update of TVMWD's Investment Portfolio.

**Item 8 – General Manager’s Report**

Litchfield

*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 – Annual Investment Policy Review – [enc]**

Linthicum

The Board will receive an update on recommendations for revisions to TVMWD’s Investment Policy and may direct staff to return this item to the next meeting for action.

**8.B – CSDA Commercial Card Program Rebate – [enc]**

Linthicum

The Board will be apprised of the rebates earned by paying vendors via credit cards.

**8.C – FY 2020-21 Budget Workshop – [enc]**

Linthicum

The below items will be reviewed in a workshop format with staff responding to questions. It is anticipated that the FY 20-21 budget and CY 2021 water rates and charges will be returned for further discussion at the April 1, 2020 Board Meeting and for consideration of approval at the April 15, 2020 Board Meeting.

- FY 20-21 Budget
- CY 2021 Rates
- CY 2021 Fixed Charges
- CY 2021 Capacity Charges

**8.D – FY 2020-21 Annual Purchase Orders – [enc]**

Linthicum

The Board will receive a list of purchase orders for ongoing goods and service for FY 20-21 and may direct staff to return this item to the next meeting for action.

**8.E – Salary Schedule Effective July 1, 2020 – [enc]**

Linthicum

The Board will review the salary schedule that is to be effective for July 1, 2020. The FY 20-21 budget presented earlier incorporates this schedule in determining salary amounts.

**8.F – Chino Basin Watermaster 2020 Optimum Basin Management Program Update (OBMPU) Progress Report, January 2020– [enc]**

Litchfield

The Board will be provided an update on the Chino Basin Optimum Basin Management Program.

**8.G – Resolution No. 20-03-868 Concurring in the Nomination of Director Denise Jackman to the CSDA Board of Directors Vacancy, Seat B Southern Network – [enc]**

Litchfield

The Board will consider approval of Resolution No. 20-03-868 concurring in the nomination of Director Jackman to the CSDA Board of Directors.

**Item 8.G – Board Action Required – Motion No. 20-03-5267**

Staff Recommendation: Approve as presented

**8.H – CSDA Board of Directors Call for Nominations Seat C – [enc]**

The Board will consider nominations for the 2021-2023 term, Seat C.

**Item 8.I – Projects Summary Update – [enc]**

Peralta

The Board will review a summary update of ongoing projects.

**Item 9 – Closed Session**

Kuhn

**9.A – Conference with Legal Counsel – Anticipated Litigation**

- Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2)
- One potential case

**9.B – Public Employee Performance Evaluation (Government Code Section 54957)**

Title: General Manager Matthew Litchfield

**9.C - Conference with Legal Counsel – Existing Litigation [Government Code Section 54956.9(d)(1)]**

Name of Case: San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-10-510830 (Consolidated with Case No. CPF-12-512466)

**Item 10 – Future Agenda Items**

Kuhn

**Item 11 – Adjournment and Next Meeting**

Kuhn

The Board will adjourn to its next Regular Board Meeting on Wednesday, March 18, 2020 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](http://www.threevalleys.com).*

*Three Valleys MWD Board Meeting packets and agendas are available for review on its website at [www.threevalleys.com](http://www.threevalleys.com).*



**Board of Directors  
Staff Report**

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **Annual Investment Policy Review**

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

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**Requested Action:**

**No Action Necessary – Informational Item Only**

**Background:**

Board policy dictates that an annual review of TVMWD’s investment policy take place. This stems from Government Code section 53646 requiring agencies to develop an investment policy and implement periodic changes that may occur in reporting requirements. If changes to the existing policy are recommended, a new resolution is issued with the Board approved recommendations.

**Discussion:**

Attached for Board review is the most recently adopted (February 20, 2019) TVMWD investment policy updated to reflect one change suggested by Chandler Asset Management. The added language (Page 7; Section 8n) clarifies and allows TVMWD to purchase US Government mortgage backed securities that qualify under Sections 8b and 8e of the authorized investments. The change is considered minor and does not alter current practices.

**Fiscal Impact:**

None

**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

**Attachment(s):**

Exhibit A – Annual Investment Policy Resolution 2020

**Meeting History:**

None

NA/LC

**RESOLUTION NO. 20-03-DRAFT**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
ESTABLISHING AN INVESTMENT POLICY**

**1.0 POLICY**

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the General Manager of the Three Valleys Municipal Water District ("TVMWD") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE, it shall be the policy of TVMWD to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of TVMWD and conforming to all statutes governing the investment of TVMWD funds.

**2.0 SCOPE**

This investment policy applies to all financial assets of TVMWD except bond funds and funds held in trust for pension and OPEB liabilities. All funds are accounted for in the annual audit.

**3.0 PRUDENCE**

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of TVMWD, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of TVMWD. The standard of prudence to be used by investment officials shall be the "prudent investor" standard California Government Code 53600.3 and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **4.0 OBJECTIVES**

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. 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.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable TVMWD to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

## **5.0 DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from California Government Code 53607, et seq. By annually adopting this investment policy, responsibility for the investment program is hereby delegated by the Board to the General Manager who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the General Manager. The General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

TVMWD may engage the services of one or more external investment managers to assist in the management of the TVMWD's investment portfolio in a manner consistent with the TVMWD's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

**6.0 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the General Manager any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of TVMWD.

**7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The General Manager will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, TVMWD shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for TVMWD's account with that firm has reviewed TVMWD's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to TVMWD that are appropriate under the terms and conditions of the Investment Policy. An annual review of the financial condition and registrations of qualified bidders will be conducted by the General Manager. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which TVMWD invests.

All financial institutions and broker/dealers who desire to conduct investment transactions with TVMWD must supply the General Manager with the following: audited financial statements, proof of FINRA certification, trading resolution, proof of State of California registration, completed broker/dealer questionnaire, certification of having read the TVMWD's investment policy and depository contracts.



Selection of broker/dealers used by an external investment adviser retained by TVMWD will be at the sole discretion of the investment adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing new issue securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

## **8.0 AUTHORIZED AND SUITABLE INVESTMENTS**

TVMWD is empowered by California Government Code 53601 et seq. to invest in the following:

- a. Bonds issued by TVMWD.
- b. United States Treasury Bills, Notes and Bonds.
- c. Registered state warrants or treasury notes or bonds issued by the State of California.
- d. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.
- e. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- f. Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances may not exceed 180 days maturity or 40% of the TVMWD's money that may be invested pursuant to this policy. However, no more than 30% of TVMWD's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this policy. They are issued by institutions which have short-term debt obligations rated "A-1" or higher, or the equivalent, by at least one NRSRO; or long-term debt obligations which are rated in the "A" category or higher, or the equivalent, by at least one NRSRO.
- g. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided by a NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. TVMWD shall invest no more than 25% of its money in eligible commercial paper. TVMWD may purchase no more than 10% of the outstanding commercial paper of any single issuer. The entity that issues the commercial paper shall meet all the following conditions in either paragraph 1 or 2:

1. The entity meets the following criteria:
  - a. Is organized and operating in the US as a general corporation.
  - b. Has total assets in excess of \$500,000,000
  - c. Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.
2. The entity meets the following criteria:
  - a. Is organized within the US as a special purpose corporation, trust, or limited liability company.
  - b. Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
  - c. Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.
- h. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30% of TVMWD's money which may be invested pursuant to this policy.
- i. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. Securities purchased under these agreements shall be no less than 102% of market value and are subject to the special limits in California Government Code 53601(i). Repurchase Agreements are subject to a Master Repurchase Agreement between TVMWD and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA). The total of all reverse repurchase agreement and securities lending agreements on investments owned by TVMWD may not exceed 20% of the base value of the portfolio.
- j. Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in the "A" category or better, or the equivalent, by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this policy and may not exceed 30% of TVMWD's money which may be invested pursuant to this policy.
- k. Mutual funds and money market mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

## Item 8.A - Exhibit A

1. Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
    - a. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; or
    - b. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
    - c. No more than 10% may be invested in the shares of any one mutual fund.
  2. Money Market Mutual Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
    - a. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; or
    - b. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
    - c. No more than 20% of the portfolio may be invested in Money Market Mutual Funds.
  3. No more than 20% of the portfolio may be invested in these securities.
- I. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

- m. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.
- n. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond **from issuers not defined in sections "b" and "e" of the authorized investment sections of this policy with** a maximum of five years maturity. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or higher, or the equivalent, by at least one NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of TVMWD's money that may be invested pursuant to this policy.
- o. Supranationals, provided that issues are US dollar denominated, senior unsecured, unsubordinated, obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. Securities eligible under this subdivision will be rated in the "AA" category or higher, or the equivalent, by a NRSRO. No more than 30% of the total portfolio may be invested in these securities. No more than 10% of the portfolio may be invested in any single issuer, and the maximum maturity may not exceed five years.
- p. Any other investment security authorized under the provisions of California Government Code 5922 and 53601.

### **9.0 INVESTMENT POOLS / MUTUAL FUNDS**

TVMWD shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The General Manager shall develop a questionnaire which will answer the following general questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

### **10.0 MAXIMUM MATURITIES**

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

### **11.0 PROHIBITED INVESTMENTS AND PRACTICES**

TVMWD shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, options and futures, or any investment that may result in a zero interest accrual if held to maturity, Also prohibited is trading securities for the sole purpose of speculating on the future direction of interest rates, purchasing or selling securities on margin, securities lending or any form of borrowing or leverage, and the purchase of foreign currency denominated securities.

### **12.0 REVIEW OF INVESTMENT PORTFOLIO**

The General Manager shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to TVMWD.

### **13.0 MITIGATING CREDIT RISK IN THE PORTFOLIO**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. TVMWD shall mitigate credit risk by adopting the following strategies:

- a. TVMWD may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to the market conditions or TVMWD's risk preferences; and.
- b. If securities owned by the TVMWD are downgraded to a level below the credit quality required by this Investment Policy, it shall be the TVMWD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported quarterly to the governing board.

- c. No more than 5% of the total portfolio may be invested in securities of any single issuers, except where the issuer is the US Government, its Agencies and GSEs, an authorized Supranational issuer, or where the security is a Money Market Mutual Fund, Local Agency Investment Fund (LAIF), or other Local Government Investment Pool, or where otherwise specified in this investment policy.

## **14.0 COLLATERALIZATION**

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third-party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(i)(2).

**Certificates of Deposit (CDs).** TVMWD shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

**Collateralization of Bank Deposits.** This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. TVMWD shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

**Repurchase Agreements.** TVMWD requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- TVMWD shall receive monthly statements of collateral.

## **15.0 SAFEKEEPING AND CUSTODY**

All security transactions entered into by TVMWD shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be held by a third-party custodian designated by the General Manager and evidenced by safekeeping receipts.

**16.0 DIVERSIFICATION**

TVMWD will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. No more than 5% of the total portfolio may be invested in securities of any single issuer, except where the issuer is the US Government, its Agencies and GSEs, an authorized Supranational issuer or where the security is a Money Market Mutual Fund, Local Agency Investment Fund (LAIF) or other Local Government Investment Pool, unless otherwise specified in this investment policy. Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Maturities selected shall provide for stability of income and liquidity.
- b. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

**17.0 INTERNAL CONTROLS**

The General Manager shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**18.0 REPORTING**

The General Manager shall submit to each member of the Board of Directors an investment report monthly, within 30 days after the end of the reporting period in accordance with California Government Code Section 53607. These reports will disclose, at minimum, the following information about the characteristics of the portfolio:

1. An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date and interest rate.
2. Monthly transactions for the period.
3. A one-page summary report that shows:
  - a. Average maturity of the portfolio and modified duration of the portfolio;
  - b. Maturity distribution of the portfolio;
  - c. Average portfolio credit quality; and,

- d. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to TVMWD's market benchmark returns for the same periods;
4. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
5. A statement that TVMWD has adequate funds to meet its cash flow requirements for the next six months.

A comprehensive annual report will be presented. This report will include comparisons of the portfolio's return to the benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

### **19.0 INVESTMENT POLICY ADOPTION**

The Investment Policy shall be adopted by resolution of TVMWD. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

The General Manager shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the TVMWD.

### **20.0 PERFORMANCE EVALUATION**

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account TVMWD's risk constraints, the cash flow characteristics of the portfolio, state and local laws and ordinances or resolutions that restrict investments.

The General Manager shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the General Manager's quarterly report. The General Manager shall select an appropriate, readily available index to use as a market benchmark.

### **21.0 REVIEW OF INVESTMENT PORTFOLIO**

The General Manager shall periodically, but no less than quarterly, review the portfolio to



identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the Board.

## 22.0 GLOSSARY

**Agencies.** Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “Freddie Mac” issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “Fannie Mae,” issues discount notes, bonds and mortgage pass-through securities.

**GNMA.** The Government National Mortgage Association, known as “Ginnie Mae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

**TVA.** The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

**Asked.** The price at which a seller offers to sell a security.

**Asset Backed Securities.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**Average Life.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**Banker’s Acceptance.** A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

**Benchmark.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**Bid.** The price at which a buyer offers to buy a security.

**Broker.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

- Callable.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.
- Certificate of Deposit (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.
- Collateral.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.
- Collateralized Mortgage Obligations (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.
- Commercial Paper.** The short-term unsecured debt of corporations.
- Cost Yield.** The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.
- Coupon.** The rate of return at which interest is paid on a bond.
- Credit Risk.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.
- Current Yield.** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.
- Dealer.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.
- Debenture.** A bond secured only by the general credit of the issuer.
- Delivery vs. Payment (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.
- Derivative.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

- Discount.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.
- Diversification.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.
- Duration.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).
- Federal Funds Rate.** The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.
- Federal Open Market Committee.** A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.
- Haircut.** The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).
- Leverage.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.
- Liquidity.** The speed and ease with which an asset can be converted to cash.
- Make Whole Call.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."
- Margin.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- Market Risk.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.
- Market Value.** The price at which a security can be traded.
- Marking to Market.** The process of posting current market values for securities in a portfolio.
- Maturity.** The final date upon which the principal of a security becomes due and payable.
- Medium Term Notes.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.
- Modified Duration.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**Money Market.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**Mortgage Pass-Through Securities.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**Municipal Securities.** Securities issued by state and local agencies to finance capital and operating expenses.

**Mutual Fund.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**Nationally Recognized Statistical Rating Organization (NRSRO).** A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Moody's, S&P and Fitch.

**Premium.** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**Prepayment Speed.** A measure of how quickly principal is repaid to investors in mortgage securities

**Prepayment Window.** The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

**Primary Dealer.** A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

**Prudent Person (Prudent Investor) Rule.** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**Realized Yield.** The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

**Regional Dealer.** A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

**Repurchase Agreement.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**Safekeeping.** A service to bank customers whereby securities are held by the bank in the customer's name.

**Structured Note.** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**Total Rate of Return.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. Treasury Obligations.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury Bills.** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**Treasury Notes.** All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**Treasury Bonds.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**Volatility.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**Yield to Maturity.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

**ADOPTED** and **PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors, on this 18<sup>th</sup> day of March 2020 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST:


\_\_\_\_\_  
Bob G. Kuhn, President

\_\_\_\_\_  
Carlos Goytia, Secretary

SEAL:



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **CSDA Commercial Card Program Rebate**

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

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**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Discussion:**

TVMWD has participated in the CSDA (California Special Districts Association) Commercial Card Program since July 2015. This Program allows TVMWD to earn cash rebates by using a credit card for purchases typically paid with an AP check.

The Program is still coordinated by CSDA, but now administered by Umpqua Bank, and backed by Visa® (the Program was previously administered by Bank of the West and backed by MasterCard through April 2018). Some key features of the Program are:

- Earns a 1% cash back rebate on all spending and thus presents greater earning opportunity than with Bank of the West. Rebates are paid annually in January for the prior calendar year.
- Visa® is a more widely accepted form of payment by most vendors.
- Advanced online reporting tools and expense controls (ability to set spend control limits by card holder)
- Fraud protection at no cost
- TVMWD is covered up to \$100,000 protection against employee misuse

In summary, TVMWD only earned rebates totaling \$5,939 from July 2015 through calendar year 2018. Because Accounting staff has made diligent efforts in working with our vendors to accept more payments via credit card and the enhanced Program benefits through Umpqua Bank, TVMWD had a spend of \$499,186.24 in calendar year 2019 resulting in a rebate of \$4,991.86. Staff will continue efforts to increase TVMWD's vendor payments by credit card and generate greater rebate revenue.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

None

**Meeting History:**


None

NA/LC





## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **FY 20-21 Budget**

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<input type="checkbox"/> <b>For Action</b>	<input checked="" type="checkbox"/> <b>Fiscal Impact</b>	<b>\$ 74,100,000</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Funds Budgeted:</b>	

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### Staff Recommendation:

**No Action Necessary – Informational Item Only**

### Discussion:

Staff will conduct a budget workshop today. Attached is the first draft of the FY 20-21 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 for the 2021 and 2022 rate setting cycles. The item of most significance from this forecast is decreasing expected overall water sales from 1.75 to 1.6 million acre feet per year.
- In December MWD approved not incorporating the Water Stewardship Rate into the 2021 and 2022 rates (Water Stewardship rate is \$65/AF for 2020). The last few months of 2019, MWD had been debating if there is a more appropriate way to recover demand management costs. Ultimately the decision was made to wait until:
  - MWD completes a new Integrated Water Resources Plan
  - MWD staff begins a review of the rate structure
- TVMWD projected sales are based on TVMWD member agency input. Each agency provided an estimate regarding their 2020-2025 demands at various locations.

Highlights of this draft budget:

### Pass Through Fund

- The MWD RTS Charge is increasing \$260,000 for the fiscal year and \$230,000 for calendar year 2021. This is primarily due to TVMWD taking proportionately more water over the last 10 years than other MWD agencies. The standby charge collected for the fiscal year will increase slightly from \$19.23 to \$20.62 per EDU.

- The MWD Capacity Charge is increasing \$260,000 for the fiscal year and \$340,000 for calendar year 2021. This is primarily due to more MWD agencies “peaking” off the MWD system, which causes more costs to be allocated towards the Capacity Charge. This caused the rate to increase from \$8,800 to \$11,200 per cfs.

## Capital Fund

- All major capital projects were outlined in the recently adopted strategic plan, however staff added a place holder of \$450,000 to FY 24-25 to help fund a solution to the future long-term shutdown of the Rialto Feeder. TVMWD continues to utilize property taxes to fund capital projects, allowing for TVMWD to operate with no likelihood of issuing debt.

## Operating Fund

- MWD’s untreated water rate is increasing \$25/AF (3%). Considering this increase accounts for the Water Stewardship Fee dropping off for 2021, the real increase is \$90/AF. MWD’s treatment surcharge is increasing \$28/AF (9%). Both of these significant increases are due to the decline in actual and projected water sales. These changes result in an overall increase in the treated water rate of 5%.
- The key to keeping TVMWD rates low is to maximize the Miramar Plant. We expect Miramar Plant sales to decrease about 1,000 AFY from our previous forecast. However, the drastic increase to MWD’s treatment surcharge is more than offsetting the loss of Miramar Plant sales.
- The controllable budget (All other Operating Fund expenses excluding water costs) is 2% higher than what we had estimated last year for FY 20-21. Notable changes are as follows:
  - Staff Compensation is about 1% higher than last year’s projection, however we have since noted an error that was causing us to underestimate staff compensation in future years. Having corrected that issue, we are actually under by about \$60,000. This difference is due to reducing operations staff by one when a retirement occurred, offset by the addition of the part-time HR Manager.
  - Operations and Maintenance is about 6% higher than last year’s projection.
    - Chemical commodity prices continue to increase.
    - We underbudgeted landscaping costs the last few years.
    - Wellsite expenses were increased due to adding a third well (Grand Avenue Well).
    - Sludge disposal costs continue to increase.
    - We added a one-time cost to the FY 20-21 budget for chemical systems services that will not carry forward to future budgets.

Reserves

All board designated reserves are expected to be at or above the lower goal limits at the end of FY 20-21, including overall board designated reserves to meet the emergency goal of \$10M.

TVMWD reserves are currently comprised of a mixture of our investment portfolio with Chandler Asset Management and water stored in the ground. We expect to earn a better return on our stored water, however because it cannot be accessed at a moment's notice like our investment portfolio, staff is recommending we build up the Water Management Fund Reserve to match the amount of water we expect to sell to other agencies the following year (currently about \$5,000,000). Staff recommends slowly building up to this ultimate goal by incrementally adding reserve funding to the budget.

- 2022 - \$100,000
- 2023 - \$200,000
- 2024 - \$300,000
- 2025 - \$400,000

Summary

Based on this first draft of the budget, TVMWD would be able to further reduce the current \$10 per acre foot surcharge discount to \$12 for 2021 and the foreseeable future.

This item will be brought back for further discussion at the April 1, 2020 board meeting.

**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

**Attachment(s):**

- Exhibit A – Budget Draft 1.0
- Exhibit B – Capacity Charge (Draft)
- Exhibit C – Fixed Charges (Draft)

**Meeting History:**

None  
NA/JL

**DRAFT**

FY 2020/21 TVMWD BUDGET VERSION 1.0										
	FY 2019/20 Budget	FY 2019/20 Projected	FY 2020/21 Budget	Pass Through Fund	Operating Fund	Capital Fund	FY 2021/22 Budget	FY 2022/23 Budget	FY 2023/24 Budget	FY 2024/25 Budget
<b>REVENUES</b>										
Water Sales	58,985,405	60,871,667	64,042,738		64,042,738		64,906,665	67,552,883	70,376,931	72,295,773
Standby Charge	3,551,583	3,591,766	3,808,196	3,808,196			4,093,811	4,264,876	4,349,743	4,540,121
Capacity Charge Assessment	1,173,600	1,173,600	1,430,320	1,430,320			1,693,365	1,786,250	1,964,875	2,150,645
Property Taxes	2,300,944	2,432,200	2,346,337			2,346,337	2,346,337	2,346,337	2,346,337	2,346,337
Fixed Charge Assessment	685,624	685,624	717,327		717,327		758,187	782,349	805,005	828,901
Hydroelectric Sales	276,609	117,000	164,000		164,000		164,000	164,000	164,000	164,000
Interest Income	212,900	374,441	146,350		146,350		146,350	146,350	146,350	146,350
Pumpback O&M & Reservoir #2 Reimb.	20,000	25,314	20,000	20,000			20,000	20,000	20,000	20,000
Grants and Other Revenue	202,798	335,519	5,317		5,317		5,450	5,587	5,726	5,869
<b>TOTAL REVENUES</b>	<b>67,409,463</b>	<b>69,607,131</b>	<b>72,680,585</b>	<b>5,258,516</b>	<b>65,075,732</b>	<b>2,346,337</b>	<b>74,134,166</b>	<b>77,068,631</b>	<b>80,178,966</b>	<b>82,497,997</b>
<b>EXPENSES</b>										
Water Purchases	52,837,522	55,102,788	58,011,708		58,011,708		58,266,890	60,319,171	62,518,774	64,172,504
MWD RTS Charge	3,551,583	3,555,720	3,808,196	3,808,196			4,093,811	4,264,876	4,349,743	4,540,121
Staff Compensation	4,200,756	4,181,326	4,392,997		4,392,997		4,621,348	4,796,622	4,961,778	5,132,781
MWD Capacity Charge	1,173,600	1,173,600	1,430,320	1,430,320			1,693,365	1,786,250	1,964,875	2,150,645
Operations and Maintenance	1,713,532	1,735,500	1,611,490		1,611,490		1,636,190	1,676,877	1,718,576	1,761,312
Capital Repair and Replacement	734,297	389,184	326,000			326,000	350,000	275,000	200,000	-
Capital Investment Program	5,024,508	4,187,061	1,810,000			1,810,000	2,375,833	2,800,000	2,325,000	1,275,000
Professional Services	509,982	490,997	546,255		546,255		624,839	589,134	603,784	618,798
Directors Compensation	331,520	317,556	323,892		323,892		326,805	329,806	332,897	336,080
Communication and Conservation Programs	178,000	154,341	183,000		183,000		187,551	192,215	196,994	201,893
Planning and Resources	287,628	305,844	90,500		90,500		92,750	95,057	97,421	99,843
Membership Dues and Fees	81,054	88,931	87,989		87,989		90,177	92,419	94,718	97,073
Hydroelectric Facilities	39,000	15,062	39,000		39,000		39,970	40,964	41,982	43,026
Pumpback O&M & Reservoir #2	20,000	25,314	20,000	20,000			20,000	20,000	20,000	20,000
Board Elections	-	-	-		-		-	-	-	-
Reserve Replenishment	238,181	238,181	238,182		238,182		376,364	476,364	576,364	676,364
Project Encumbrances from prior year		1,147,556	1,147,556			1,147,556	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>70,921,163</b>	<b>73,108,961</b>	<b>74,067,085</b>	<b>5,258,516</b>	<b>65,525,013</b>	<b>3,283,556</b>	<b>74,795,893</b>	<b>77,754,755</b>	<b>80,002,906</b>	<b>81,125,441</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(3,511,700)</b>	<b>(3,501,830)</b>	<b>(1,386,500)</b>	<b>-</b>	<b>(449,281)</b>	<b>(937,219)</b>	<b>(661,727)</b>	<b>(686,124)</b>	<b>176,060</b>	<b>1,372,555</b>
TRANSFER FROM/(TO) CAPITAL RESERVES	1,217,269	1,217,269	(210,337)			(210,337)	379,496	728,663	178,663	(1,071,337)
TRANSFER FROM/(TO) OPPORTUNITY RESERVES	150,000									
TRANSFER FROM/TO ENCUMBERED RESERVES	2,276,692	2,276,692	1,147,556			1,147,556				
<b>NET INCOME (LOSS) AFTER TRANSFERS</b>	<b>132,261</b>	<b>(7,869)</b>	<b>(449,281)</b>	<b>-</b>	<b>(449,281)</b>	<b>-</b>	<b>(282,231)</b>	<b>42,540</b>	<b>354,723</b>	<b>301,218</b>
	<b>CY 2020</b>		<b>CY 2021</b>				<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>	<b>CY 2025</b>
MWD RATE	\$ 1,078		\$ 1,131				1,183	1,237	1,270	1,306
TVMWD SURCHARGE	\$ (10)		\$ (12)				(12)	(12)	(12)	(12)
TVMWD RATE	\$ 1,068		\$ 1,119				\$ 1,171	\$ 1,225	\$ 1,258	\$ 1,294
<b>ANNUAL FIXED CHARGE</b>	<b>\$ 689,917</b>		<b>\$ 744,738</b>				<b>\$ 771,636</b>	<b>\$ 793,062</b>	<b>\$ 816,948</b>	<b>\$ 840,854</b>

## MWD CAPACITY CHARGE SUMMARY EFFECTIVE JANUARY 2021

**DRAFT**

AGENCY	CFS BASIS	ANNUAL CHARGE	MONTHLY CHARGE	%
Boy Scouts	0.4	\$ 4,087.03	\$ 340.59	0.26%
Cal Poly	0.6	\$ 6,539.24	\$ 544.94	0.41%
Covina	5.2	\$ 58,035.79	\$ 4,836.32	3.63%
Covina Irrigating Company	14.6	\$ 163,481.10	\$ 13,623.43	10.21%
Glendora	6.1	\$ 67,844.66	\$ 5,653.72	4.24%
Joint Water Line (JWL)	30.1	\$ 337,588.48	\$ 28,132.37	21.09%
La Verne	13.0	\$ 145,048.61	\$ 12,087.38	9.06%
Mt. Sac	1.7	\$ 18,800.33	\$ 1,566.69	1.17%
Pomona	0.0	\$ -	\$ -	0.00%
Rowland Water District	11.7	\$ 130,784.88	\$ 10,898.74	8.17%
GSWC (Claremont)	15.5	\$ 173,739.54	\$ 14,478.30	10.86%
GSWC (San Dimas)	14.1	\$ 157,759.26	\$ 13,146.61	9.86%
Suburban	0.0	\$ -	\$ -	0.00%
Valencia Heights	0.0	\$ -	\$ -	0.00%
Walnut Valley Water District	30.1	\$ 336,771.07	\$ 28,064.26	21.04%
<b>TOTAL</b>	<b>142.9</b>	<b>1,600,480</b>	<b>\$ 133,373</b>	<b>100.00%</b>

**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 2017, 2018, and 2019.
2. The MWD Capacity Charge basis of 142.9 cfs at \$11200 per cfs is assigned to TVMWD by MWD and is passed-through directly to the member agencies.

# TVMWD FIXED CHARGES SUMMARY

Item 8.C - Exhibit C

## EFFECTIVE JANUARY 2021

AGENCY	IMPORTED WATER USE			CONNECTED CAPACITY			EQUIVALENT SMALL METER (ESM)			TOTAL \$
	(3yr Avg) (AF)	ANNUAL \$	%	(cfs)	ANNUAL \$	%	METERS	ANNUAL \$	%	
Boy Scouts	19.2	\$ 73.82	0.03%	1.5	\$ 913.79	0.37%	257.4	\$ 248.25	0.10%	\$ 1,235.86
Cal Poly	122.3	\$ 469.30	0.19%	2.0	\$ 1,218.38	0.49%	2,573.9	\$ 2,482.46	1.00%	\$ 4,170.15
Covina	86.9	\$ 333.68	0.13%	20.0	\$ 12,183.85	4.91%	5,150.0	\$ 4,967.10	2.00%	\$ 17,484.63
Covina Irrigating Company	5,962.5	\$ 22,886.44	9.22%	20.0	\$ 12,183.85	4.91%	0.0	\$ -	0.00%	\$ 35,070.29
Glendora	2,039.2	\$ 7,827.15	3.15%	40.0	\$ 24,367.69	9.82%	27,114.2	\$ 26,151.31	10.53%	\$ 58,346.15
Joint Water Line (JWL)	18,975.3	\$ 72,834.32	29.34%	121.0	\$ 73,712.27	29.69%	0.0	\$ -	0.00%	\$ 146,546.59
La Verne	5,148.0	\$ 19,760.01	7.96%	15.0	\$ 9,137.89	3.68%	20,854.5	\$ 20,113.94	8.10%	\$ 49,011.84
Mt. Sac	381.5	\$ 1,464.21	0.59%	5.0	\$ 3,045.96	1.23%	2,573.9	\$ 2,482.46	1.00%	\$ 6,992.63
Pomona	0.5	\$ 2.02	0.00%	20.0	\$ 12,183.85	4.91%	48,527.0	\$ 46,803.77	18.85%	\$ 58,989.64
Rowland Water District	6,101.8	\$ 23,420.83	9.43%	30.0	\$ 18,275.77	7.36%	24,322.5	\$ 23,458.79	9.45%	\$ 65,155.39
GSWC (Claremont)	5,799.5	\$ 22,260.77	8.97%	15.0	\$ 9,137.89	3.68%	27,432.0	\$ 26,457.87	10.66%	\$ 57,856.53
GSWC (San Dimas)	7,670.3	\$ 29,441.56	11.86%	35.0	\$ 21,321.73	8.59%	32,489.0	\$ 31,335.29	12.62%	\$ 82,098.58
Suburban	0.0	\$ -	0.00%	0.0	\$ -	0.00%	17,122.5	\$ 16,514.47	6.65%	\$ 16,514.47
Valencia Heights	0.0	\$ -	0.00%	4.0	\$ 2,436.77	0.98%	1,595.6	\$ 1,538.94	0.62%	\$ 3,975.71
Walnut Valley Water District	12,367.7	\$ 47,471.76	19.12%	79.0	\$ 48,126.20	19.39%	47,373.5	\$ 45,691.23	18.41%	\$ 141,289.19
<b>TOTAL</b>	<b>64,674.8</b>	<b>\$ 248,246</b>	<b>100%</b>	<b>407.5</b>	<b>\$ 248,246</b>	<b>100%</b>	<b>257,386</b>	<b>\$ 248,246</b>	<b>100%</b>	<b>\$ 744,738</b>


DRAFT

**Notes:**

1. The Imported Water Use Charge is based on average import water deliveries in the 2016/17, 2017/18 & 2018/19 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



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **FY 2020-21 Annual Purchase Orders**

---

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

---

**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Discussion:**

General purchases exceeding \$50,000 and public projects exceeding \$200,000 are to be approved by the Board. Staff has listed below vendors/contractors used on an ongoing basis. Staff felt it appropriate to bring these before the Board for consideration for next fiscal year.

- ACWA Joint Powers Insurance Authority (JPIA) - \$695,000 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 single source vendor.
- Brunick, McElhaney & Kennedy Professional Law Corporation - \$140,000 for legal services. This activity is categorized as section E professional services of the purchasing policy. Brunick, McElhaney & Kennedy has been with TVMWD for decades. Staff feels Mr. Kennedy's qualifications and history with TVMWD at a very reasonable fee justifies qualification as a single source vendor.
- R&B Automation - \$100,000 for preventative maintenance and routine service. This activity is categorized as section E professional services of the purchasing policy. R&B Automation has performed preventative maintenance on valves and electric actuators for TVMWD. They have worked on a wide variety of different valves and projects, from specialized valve repair and replacements to fabrication and electrical wiring for conversions to help make our facilities more automated. R&B Automation has an extensive knowledge and understanding of TVMWD operations and facilities. They understand the need to keep our critical equipment properly operating. R&B Automation's level of service has been exceptional. For these reasons staff feels R&B qualifies as a single source vendor.

- Michael J. Arnold and Associates - \$75,000 to serve as state legislative lobbyist. This activity is categorized as section E professional services of the purchasing policy. Mr. Arnold has served as TVMWD's state lobbyist for over 16 years. Staff feels Mr. Arnold's qualifications and history with TVMWD justifies qualification 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 more than simply paying the ebbs and flows of the current market price. Senior staff frequently compares pricing to obtain the lowest cost for each order.
  - JCI Jones Chemicals - \$75,000 for chlorine
  - Kemira Water Solutions - \$150,000 for aluminum chlorohydrate
  - Univar USA and Brenntag Pacific - \$110,000 for sodium hydroxide
  - Alpine Technical Services - \$80,000 for algaecide (EarthTec)
- CLS Landscape Management - \$50,000 for landscape maintenance for TVMWD's various infrastructure sites. This activity is categorized as section D general trade services of the purchasing policy, requiring competitive bids (last bid in 2016). CLS performs the monthly landscape maintenance and additional services that include trimming and removing trees, replacing and repairing sprinklers, and mulch replacement. Staff has been pleased with CLS's performance.
- Hach Company - \$75,000 for lab supplies, specialized equipment and servicing, categorized as section C proprietary equipment and goods and section E professional services of the purchasing policy. TVMWD uses multiple items of Hach equipment where the corresponding supplies and servicing can only be from Hach.
- Prime Systems - \$66,000 for SCADA system maintenance. This activity is categorized as section E professional services of the purchasing policy. Prime System is TVMWD's exclusive system integrator for the Miramar SCADA system, performing all programming, maintenance, troubleshooting and installing system expansions. This type of work is very product-client specific. TVMWD staff does not feel comfortable with any other service provider working on this critical component of operations. Prime Systems' level of service over the years has been excellent. Staff feels that Prime Systems qualifies as a single source vendor.

### **Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

### **Attachment(s):**

None




**Meeting History:**

None

NA/JL



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **Salary Schedule effective July 1, 2020**

---

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

---

**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Background:**

Pursuant to CalPERS and California Code of Regulations Section 570.5, salary schedule changes must be approved and adopted by the employer's governing body according to the requirements of applicable public meeting laws.

**Discussion:**

Provided for review is a draft of the salary schedule to be effective July 1, 2020, which reflects a 3.17% increase to salary ranges, based on the change from calendar year 2018 to 2019 in the Consumer Price Index - Urban Wage Earners and Clerical Workers, as prepared by the Bureau of Labor Statistics. These ranges were included in calculating the budget for FY 2020-21.

As a reminder, these adjustments are made to the salary ranges, not to the individual employee's salary. Salary changes continue to be based on the merits of the employee's annual evaluation.

This item will be brought back for consideration of adoption on April 15, 2020.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – Salary Schedule effective July 1, 2020

**Meeting History:**

None

NA/JL

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
ANNUAL SALARY RANGE BY CLASSIFICATION  
Effective: July 1, 2020**

CLASSIFICATION	Minimum Salary Range	Maximum Salary Range
	<b>ANNUAL</b>	
ACCOUNTING TECHNICIAN	\$ 51,602	\$ 82,563
ADMINISTRATIVE/COMMUNICATIONS ASSISTANT	\$ 50,079	\$ 80,127
CHIEF ADMINISTRATIVE OFFICER	\$ 145,000	\$ 232,001
CHIEF FINANCE OFFICER	\$ 145,000	\$ 232,001
CHIEF OPERATIONS OFFICER	\$ 145,000	\$ 232,001
CHIEF WATER RESOURCES OFFICER	\$ 145,000	\$ 232,001
COMPLIANCE SPECIALIST	\$ 67,669	\$ 108,271
ENGINEERING ASSISTANT	\$ 80,541	\$ 128,866
EXECUTIVE ASSISTANT	\$ 59,420	\$ 95,072
GENERAL MANAGER	\$ 220,000	\$ 287,500
INFORMATION TECHNOLOGY MANAGER	\$ 111,949	\$ 179,119
INSTRUMENTATION/ELECTRICAL SYSTEM OPERATOR	\$ 72,089	\$ 115,342
OPERATIONS SUPERVISOR	\$ 85,260	\$ 136,417
PLANT ASSISTANT	\$ 41,471	\$ 66,353
PROJECT MANAGER	\$ 105,743	\$ 169,189
SENIOR FINANCIAL ANALYST	\$ 79,683	\$ 127,493
SHIFT OPERATOR II	\$ 51,040	\$ 81,664
SHIFT OPERATOR III	\$ 62,818	\$ 100,510
SHIFT OPERATOR IV	\$ 69,316	\$ 110,905
SHIFT OPERATOR V	\$ 72,089	\$ 115,342
	<b>HOURLY</b>	
HUMAN RESOURCES/RISK MANAGER (PT)	\$ 31.22	\$ 38.25

Based on Board approval, an adjustment to each salary range classification will be considered for July 1 of each year. Range adjustments are tied to changes in the Consumer Price Index - Urban Wage Earners and Clerical Workers for Los Angeles-Long Beach-Anaheim as prepared by the Bureau of Labor Statistics, from current year annual to the prior year annual. The adjustment to each salary range is intended to keep TVMWD's salary ranges at the market level and may not necessarily impact individual salaries. The opportunity for individual salary increases will continue under the merit-based system employed by TVMWD. An important note is that an employee's annual salary may be below the minimum salary range if: (1) their annual evaluation has not yet occurred in the current fiscal year or (2) their performance documented in prior annual evaluations has not merited an increase that has kept up with index adjustments to the salary ranges.

**Shift Differential Pay**

- Operators and plant assistants who work on Friday, Saturday or Sunday will be compensated with 10% additional pay for those hours.
- Shift differential pay is considered special compensation and will be reported to CalPERS as such.

**On-Call Pay**


- Standby operators who serve as the on-call standby operator each evening will be paid \$35 per day (\$70 on holidays).
- Lab operators who serve as the on-call plant operator each evening will be paid \$90 per day (\$180 on holidays).
- In addition to receiving the on-call pay noted above, the on-call operators will be paid for the additional time spent responding to situations.
  - If responding by phone/tablet/laptop only, the on-call operator will be guaranteed at least 15 minutes of additional pay. All time over 15 minutes will be rounded up to the nearest 15 minute increment.
  - If responding in person, the on-call operator will be guaranteed at least two hours of additional pay. All time over two hours (portal to portal) will be rounded up to the nearest 15 minute increment.
  - Operators will be eligible for OT and shift differential pay as applicable for time spent responding.
- On-call pay is not considered special compensation and thus will not be included as a part of final compensation in calculating CalPERS pension.

**Holiday Pay**

- Any employee scheduled who works on either the actual holiday or the observed holiday will be paid at one and one-half times the employee's regular rate of pay. Since the employee is working the holiday, the employee will also be paid an additional eight hours at regular pay for that holiday.



## Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **Chino Basin Optimum Basin Management Program Update – Monthly Update**

---

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

---

### Staff Recommendation:

**No Action Recommended – Informational item only.**

### Background:

The Chino Groundwater Basin is a vital resource for TVMWD member agencies as well as member agencies of the Inland Empire Utilities Agency (“IEUA”) and Western Municipal Water District (“WMWD”). Over the past 20 years, the Parties to the Chino Basin Judgement have collaborated on the development and implementation of the Optimum Basin Management Program (“OBMP”) which has enabled the region to manage the Chino Groundwater Basin to guarantee a reliable water supply for the benefit of the regional economy. Staff is actively engaged with the Chino Basin Watermaster (“Watermaster”) on the current OBMP Update process along with the other stakeholders within Chino Basin.

On June 19, 2019, the Board adopted **Resolution No. 19-06-861** in support of the OBMP Update process. Part of the process includes Watermaster providing a monthly written report to the stakeholders on key elements of the update, including goals, schedule and milestones achieved to date, to name a few. Attached as **Exhibit A** is the monthly update provided by Watermaster.

On February 7, 2020, Watermaster distributed the draft OBMP Implementation Plan (“IP”) update including a new Storage Management Plan (“SMP”) along with new implementation actions identified during the OBMP Update process. All of these documents are attached to the staff report. Watermaster plans to host a Drafting Orientation session on Monday March 2, 2020 to provide an overview of the draft IP and present a process to drafting a final IP Update along with an amendment to the Peace Agreement to accommodate the IP Update.

**Strategic Plan Objective(s):**

1.3 – Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies to 10,000 AF

1.4 – Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – Optimum Basin Management Program Update 2020

**Meeting History:**

June 19, 2019 - Board of Directors Meeting

NA/ML



# Optimum Basin Management Program Update

Progress Report - January 2020

## Background

The Chino Basin Judgment gave the Chino Basin Watermaster (Watermaster) the discretionary authority to develop an Optimum Basin Management Program (OBMP) for the Chino Basin, including both water quantity and quality considerations. Watermaster, with direction from the Court, began the development of the OBMP in 1998 and completed it in July 2000. The OBMP was developed in a collaborative public process that identified the needs and wants of all stakeholders; described the physical state of the groundwater basin; developed a set of management goals; identified impediments to those goals; described a series of actions that could be taken to remove those impediments and thereby achieve the management goals; developed and executed agreements to implement the OBMP; and certified a Programmatic Environmental Impact Report (PEIR) pursuant to CEQA with IEUA as the lead agency.

The 2020 OBMP Update was developed through a collaborative stakeholder process, the same way as the 2000 OBMP. A series of public “Listening Sessions” were held by Watermaster throughout 2019 to obtain information, ideas, and feedback from all stakeholders.

Through the Listening Session process, the Chino Basin stakeholders have identified their issues needs, and want, their collective goals for the 2020 OBMP Update, the impediments to achieving the goals and the management actions required to remove the impediments.

The collaborative process has resulted in the creation of two documents:


1. The 2020 OBMP Scoping Report: This document captures all the input from the stakeholders and outlines the estimated effort to implement the proposed activities.
2. The 2020 OBMP Update Report: This is the comprehensive document that includes the history of the OBMP, describes the collaborative process and provides the basis for the development of the 2020 OBMP Implementation Plan Update.

The 2020 OBMP Update requires an Environmental Review of foreseen facilities and projects that could be built as a result of the implementation of the management actions in the updated Implementation Plan. This effort is underway.

For more details on the process and achievements of the listening sessions please refer to our previous newsletters: [http://www.cbwm.org/obmp\\_newsletters.htm](http://www.cbwm.org/obmp_newsletters.htm).

# 2020 OBMP Implementation Plan Program Elements (PEs)

## New and continuing actions



**PE 1- Monitoring Program**

- Continue the required monitoring and reporting
- Review and update Watermaster’s monitoring and reporting program\*



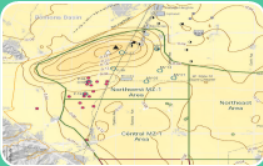
**PE 2- Recharge Program**

- Complete the 2023 Recharge Master Plan Update
- Implement recharge projects on need and available resources




**PE 3 – Supply for Impaired Areas**

- Continue CDA Operations



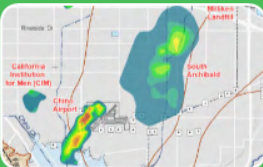
**PE 4- Subsidence Management**

- Implement Watermaster’s Subsidence Management Plan and adapt it as necessary



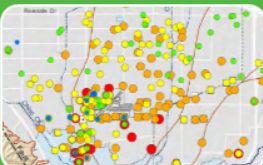
**PE 5 – Regional Supplemental Water Program**

- Watermaster will support the IEUA, the TVMWD, the WMWD, and/or others in their efforts to improve water supply reliability to ensure those efforts are integrated with Watermaster’s groundwater management efforts\*



**PE 6 – Cooperative Programs with Water Quality Regulators**

- Develop an initial emerging contaminants monitoring plan\*
- Evaluate need for a Groundwater Quality Management Plan\*



**PE 7 – Salt Nutrient Management Plan**

- Continue to implement the Maximum Benefit Salt Nutrient and Management Plan
- Update every 5 years the water quality projections to evaluate compliance\*



**PE 8/9 – Storage Management Plan / Storage and Recovery Programs**

- Complete and submit to the Court the 2020 Storage Management Plan\*
- Develop a Storage and Recovery Master Plan\*

\* New actions



## Monthly Update

During the month of January, the team completed the 2020 OBMP Update Report which is the culmination of the twelve month effort of stakeholders and participants who invested countless hours participating and providing feedback .

The 2020 OBMP Update Report is the compilation of feedback and participation received from all stakeholders who participated in 7 listening sessions throughout 2019. During these sessions the Watermaster stakeholders discuss the need to update the OBMP, what are the Drivers, Trends and Implications that are foreseen that will affect basin management in the upcoming years. The group also analyze the pertinence and validity of the goals established in the 2000 OBMP and reaffirmed the same goals for the 2020 OBMP> Finally, the stakeholders suggested activities that would help in reaching the newly reaffirmed goals.

The Report is divided into four sections:

- 1. Introduction and Background:** Provides the history of the OBMP and an overview of the stakeholder process to develop it.
- 2. 2020 OBMP Goals and Activities:** Outlines the 2020 OBMP Goals and the activities proposed by the stakeholders to achieve them.
- 3. Integration of the 2020 OBMP Update Activities with the 2000 OBMP Program Elements:** This section establishes the relationship between the proposed activities with the already existent Program Elements of the 2000 OBMP Implementation Plan.
- 4. 2020 OBMP Management Plan:** This section delineates all the actions that will continue from the 2000 OBMP as well as the new activities proposed by parties during the 2020 OBMP Update Process. This section also will serve as the basis for drafting the 2020 OBMP Implementation Plan that will occur during the beginning of 2020.

Watermaster received comments from stakeholders until January 22, 2020 and provided answers included as Appendix B in the Final Report released on January 24, 2020.

## Next Steps

During February, the 2020 OBMP Update team will release the Initial Study and Notice of Preparation that will kick off the Environmental Review process for CEQA compliance. There will be a Public Scoping Hearing on February 27, at 6 PM at the IEUA Headquarters.

The process will continue with the first of a series of drafting sessions to be convened at Watermaster on March 2nd, at 1:30PM.

A detailed timeline that shows the process to complete the OBMP Update by June 2020 is shown in the next page. For more information please refer to our previous Progress Reports here: [http://www.cbwm.org/obmp\\_newsletters.htm](http://www.cbwm.org/obmp_newsletters.htm)

### 2020 OBMP Goals



Enhance Basin  
Water Supplies



Protect and Enhance  
Water Quality

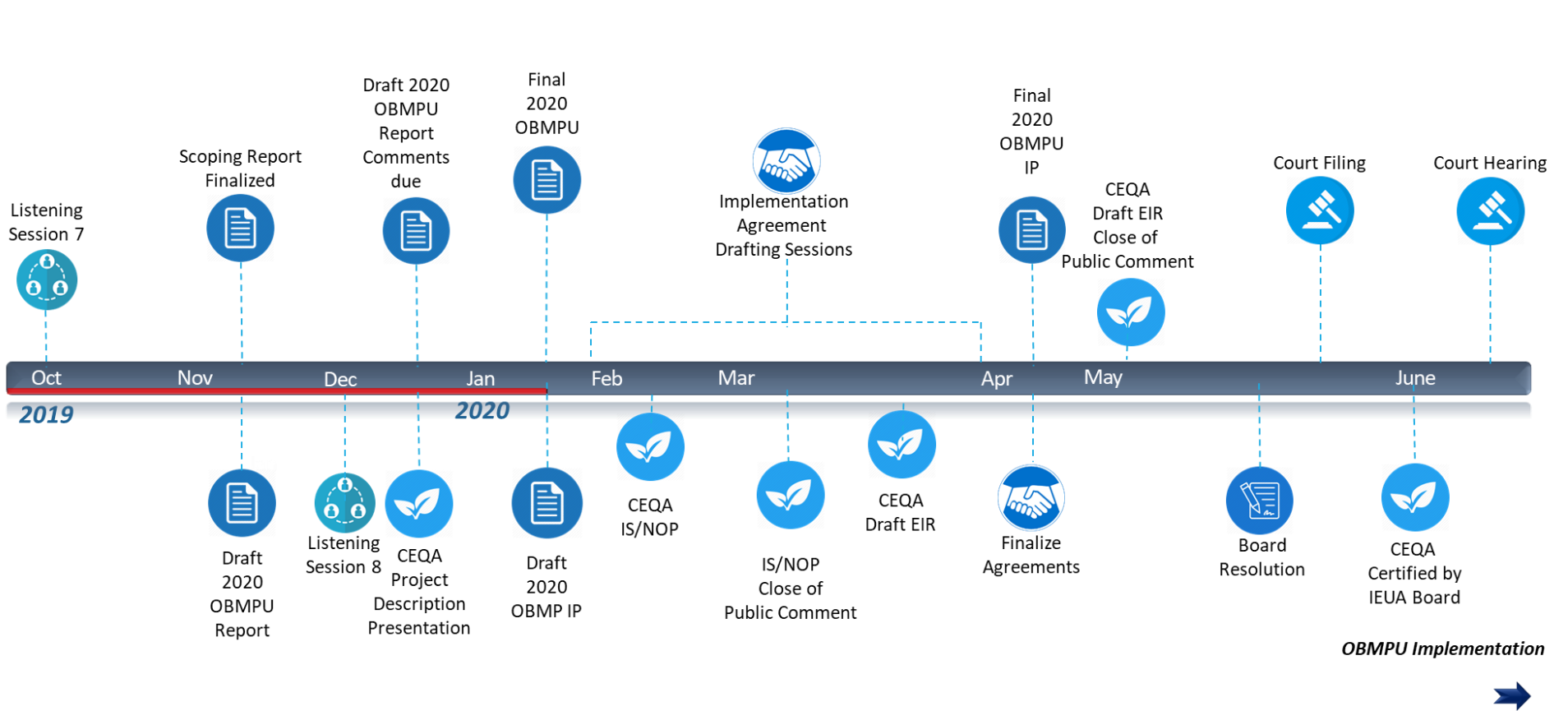


Enhance Management  
of the Basin



Equitably Finance  
the OBMP


# 2020 OBMP Update Process





## Board of Directors Staff Report

**To:** TVMWD Board of Directors

**From:** Matthew H. Litchfield, General Manager 

**Date:** March 4, 2020

**Subject:** **Resolution No. 20-03-868 Placing Director Denise Jackman in Nomination for California Special Districts Association (CSDA) Board of Directors Vacancy – Seat B Southern Network**

---

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

---

### **Staff Recommendation:**

**That the Board of Directors approve Resolution No. 20-03-868 placing Director Jackman in nomination as a member of the CSDA Board of Directors representing Seat B – Southern Network.**

### **Background:**

Currently, Seat B of the Southern Network of the CSDA Board of Directors is currently vacant and a call for nominations was received by TVMWD on January 27, 2020. Attached is a letter from the CSDA Elections and Bylaws Committee with an official call for nominations.

Nomination procedures are outlined in the letter attached. In short, any regular member of CSDA in good standing is eligible to nominate one person, a board member or managerial employee (as defined by TVMWD policies) for the vacancy. Once the nominee's application is received, interviews of all prospective candidates will be conducted on March 9 – 13, 2020. A board appointment recommendation will be submitted by CSDA Southern Network for consideration by the full Board on March 27, 2020. The newly appointed board member for the Southern Network Seat B will take office April 1, 2020.

At the February 19, 2020 board meeting, the Board of Directors nominated Director Jackman for Seat B of the Southern Network. A resolution is required by CSDA to submit her nomination.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – Resolution No. 20-03-868

**Meeting History:**

Board of Directors Meeting, February 5, 2020, Informational Item

Board of Directors Meeting, February 19, 2020, Action Item

NA/ML

**RESOLUTION NO. 20-03-868**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
PLACING IN NOMINATION DIRECTOR DENISE JACKMAN  
AS A MEMBER OF THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION  
BOARD OF DIRECTORS REPRESENTING SEAT B – SOUTHERN NETWORK**

**WHEREAS**, being a member district of the California Special Districts Association (CSDA), the Board of Directors of Three Valleys Municipal Water District does encourage and support the participation of its members in CSDA affairs; and

**WHEREAS**, Denise Jackman has served as Director of Three Valleys Municipal Water District Board of Directors when appointed in January 2019 through to December 2020; and

**WHEREAS**, Denise Jackman has indicated a desire to serve as a member of the CSDA Board for Seat B – Southern Network; and

**NOW THEREFORE BE IT RESOLVED** that the Board of Directors of Three Valleys Municipal Water District does place its full and unreserved support in the nomination of Director Jackman for the CSDA Board position representing Seat B – Southern Network.

**ADOPTED** and **PASSED** at a regular meeting of the Three Valleys Municipal Water District’s Board of Directors, on this 4<sup>th</sup> day of March 2020 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

\_\_\_\_\_  
Bob G. Kuhn, President  
Board of Directors

ATTEST:


\_\_\_\_\_  
Carlos Goytia, Secretary  
Board of Directors

SEAL:



## Board of Directors Staff Report

**To:** TVMWD Board of Directors

**From:** Matthew H. Litchfield, General Manager 

**Date:** March 4, 2020

**Subject:** **California Special Districts Association (CSDA) Board of Directors Vacancy – Seat C**

---

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

---

**Staff Recommendation:**

**No Action Recommended – Informational item only.**

**Background:**

Seat C of the CSDA Board of Directors is currently vacant and a call for nominations was received by TVMWD on February 3, 2020. Attached is a letter from the CSDA Elections and Bylaws Committee with an official call for nominations.

Nomination procedures are outlined in the letter attached. In short, any regular member of CSDA in good standing is eligible to nominate one person, a board member or managerial employee (as defined by TVMWD policies) for the vacancy. The deadline for receiving nominations and the district's resolution supporting the candidate is March 26, 2020. CSDA will begin electronic voting on May 25, 2020 and votes must be received no later than July 10, 2020. All selected Board Members will be introduced at the Annual Conference in Palm Desert in August 2020.

**Strategic Plan Objective(s):**

3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

Exhibit A – CSDA Call for Nominations dated February 3, 2020

**Meeting History:**

None

NA/ML



**California Special  
Districts Association**  
*Districts Stronger Together*

**RECEIVED**

FEB 03 2020

**THREE VALLEYS MWD**

**DATE:** January 27, 2020  
**TO:** CSDA Voting Member Presidents and General Managers  
**FROM:** CSDA Elections and Bylaws Committee  
**SUBJECT: CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS  
SEAT C**

---

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2021 - 2023 term.

The leadership of CSDA is elected from its six geographical networks. Each of the six networks has three seats on the Board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular Member in good standing and located within the geographic network that they seek to represent. (See attached CSDA Network Map)

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

**Commitment and Expectations:**

- Attend all Board meetings, usually 4-5 meetings annually, at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.  
*(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).*
- Attend, at minimum, the following CSDA annual events: Special Districts Legislative Days - held in the spring, and the CSDA Annual Conference - held in the fall.  
*(CSDA does **not** reimburse expenses for the two conferences even if a Board or committee meeting is held in conjunction with the event, however does comp registration for the two events)*
- Complete all four modules of CSDA's Special District Leadership Academy within 2 years of being elected.  
*(CSDA does **not** reimburse expenses for the Academy classes even if a Board or committee meeting is held in conjunction with the event).*



- Complete Annual Chief Executive Officer Evaluation.

**Nomination Procedures:** Any Regular Member in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors), for election to the CSDA Board of Directors. **A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination. The deadline for receiving nominations is March 26, 2020. Nominations and supporting documentation may be mailed, faxed, or emailed.**

Mail: 1112 I Street, Suite 200, Sacramento, CA 95814  
Fax: 916.442.7889  
E-mail: [amberp@csga.net](mailto:amberp@csga.net)

Once received, nominees will receive a candidate's letter in the mail. The letter will serve as confirmation that CSDA has received the nomination and will also include campaign guidelines.

CSDA will begin electronic voting on May 25, 2020. All votes must be received through the system no later than 5:00 p.m. July 10, 2020. The successful candidates will be notified no later than July 14, 2020. All selected Board Members will be introduced at the Annual Conference in Palm Desert, CA in August 2020.

#### **Expiring Terms**

(See enclosed map for Network breakdown)

**Northern Network** Seat C-Fred Ryness, Director, Burney Water District\*  
**Sierra Network** Seat C-Pete Kampa, GM, Saddle Creek Community Services District\*  
**Bay Area Network** Seat C-Stanley Caldwell, Director, Mt. View Sanitary District\*  
**Central Network** Seat C-Sandi Miller, GM, Selma Cemetery District\*  
**Coastal Network** Seat C-Vincent Ferrante, Director, Moss Landing Harbor District\*  
**Southern Network** Seat C-Arlene Schafer, Director, Costa Mesa Sanitary District\*  
(\* = Incumbent is running for re-election)

If you have any questions, please contact Amber Phelen at [amberp@csga.net](mailto:amberp@csga.net).

**AGAIN, THIS YEAR!**

**This year we will be using a web-based online voting system, allowing your district to cast your vote easily and securely.** *Electronic Ballots will be emailed to the main contact in your district May 25, 2020. All votes must be received through the system no later than 5:00 p.m. July 10, 2020.*

*Districts can opt to cast a paper ballot instead; but you must contact Amber Phelen by e-mail [Amberp@csda.net](mailto:Amberp@csda.net) **by March 26, 2020** in order to ensure that you will receive a paper ballot on time.*

CSDA will mail paper ballots on May 25, 2020 per district request only. ALL ballots must be received by CSDA no later than 5:00 p.m. July 10, 2020.

The successful candidates will be notified no later than July 14, 2020. All selected Board Members will be introduced at the Annual Conference in Palm Desert, CA in August 2020.



**California Special  
Districts Association**  
*Districts Stronger Together*

**2021-2023 BOARD OF DIRECTORS NOMINATION FORM**

**Name of Candidate:** \_\_\_\_\_

**District:** \_\_\_\_\_

**Mailing Address:** \_\_\_\_\_

\_\_\_\_\_

**Network:** \_\_\_\_\_ (see map)

**Telephone:** \_\_\_\_\_

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE DIRECTLY)

**Fax:** \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Nominated by (optional):** \_\_\_\_\_

**Return this form and a Board resolution/minute action supporting the candidate and Candidate Information Sheet by mail, or email to:**

CSDA  
Attn: Amber Phelen  
1112 I Street, Suite 200  
Sacramento, CA 95814  
(877) 924-2732 (916) 442-7889 fax  
amberp@csda.net

***DEADLINE FOR RECEIVING NOMINATIONS – March 26, 2020***



**California Special  
Districts Association**  
*Districts Stronger Together*

**2021-2023 CSDA BOARD CANDIDATE INFORMATION SHEET**

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: \_\_\_\_\_

District/Company: \_\_\_\_\_

Title: \_\_\_\_\_

Elected/Appointed/Staff: \_\_\_\_\_

Length of Service with District: \_\_\_\_\_

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

\_\_\_\_\_  
\_\_\_\_\_

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

\_\_\_\_\_  
\_\_\_\_\_

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

\_\_\_\_\_  
\_\_\_\_\_

4. List civic organization involvement:

\_\_\_\_\_  
\_\_\_\_\_

**\*\*Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after March 26, 2020 will not be included with the ballot.**




California Special Districts Association

# DISTRICT NETWORKS





# Board of Directors Staff Report

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** March 4, 2020  
**Subject:** **Capital Projects Status Report**

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

---

**Staff Recommendation:**

**No Action Necessary – Informational Item Only**

**Discussion:**

A brief status report for each project is provided below. Staff will provide a brief PowerPoint presentation on the current status of active construction projects:

*TVMWD Grand Avenue Well Equipping Project – Project No. 58446*

The contractor has completed construction of the well building, site paving, motorized rolling entrance gate, painting of mechanical piping, and installation of electrical equipment. SCE has installed the transformer and energized the new electrical service to provide power to the well site.

The pump manufacturer successfully completed preliminary testing of the pump. Witness testing by the consultant engineer (Stantec) will take place on March 4 at the pump manufacturer’s testing facility in Indiana. Staff anticipates the pump will be shipped in mid-April and installed in late April. Staff anticipates that start-up and testing of the well will also take place in late April and that the well will be fully operational in early May. Staff is also working with the Division of Drinking Water on the permit amendment to operate the new well.

*Miragrand Well – Project No. 58463*

The Board approved and adopted the CEQA documentation on February 19, 2020 after a public hearing was conducted. Staff issued and executed a Professional Services Agreement (PSA) with Geoscience and will begin discussions for preparation of the well drilling design and bid package with Geoscience.

In addition, staff is in the process of preparing an RFP (request for proposals) for the well equipping and site civil design in order to reduce the overall time period to construct the well. Staff anticipates this will reduce the original schedule by approximately 4 to 6 months. The RFP will be sent to Civil engineering firms that TVMWD has worked with

recently. In addition, landscape architects will be solicited to provide proposals for the well site.

Dry Chemical Building Modifications – Project No. 58161

The contractor (Schuler) completed construction and submitted their as-built drawings. The consulting engineer (Scheveel) is incorporating the as-built changes into the record drawings to close out the project.

Carport Replacement Project – Project No. 58434

In January 2020, TVMWD staff provided its update on the design stage to replace the two existing carports at the Miramar site. The final design was completed in early February with an updated construction cost estimate of \$185,000.

In mid-February, staff issued a request for informal quotes to five construction to replace the two existing carports based on the construction drawings. A site walk was conducted with four contractors on February 20, 2020 to discuss design, coordination, construction items, and answer questions.

Quotes must be submitted by March 9 to be considered. Staff will review quotes and provide a recommendation to award a contract at the March 18, 2020 Board meeting.

Staff anticipates lead time for some construction material to be about seven weeks prior to construction. Construction is expected to take approximately six to eight weeks to complete once the materials are on site.

**Strategic Plan Objective(s):**

- 1.3 – Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies to 10,000 AF.
- 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.
- 2.1 – Utilize 10,000 AF of well production to meet annual demands.
- 2.3 – Manage water infrastructure and staff operations to minimize costs.
- 3.3 – Be accountable and transparent with major decisions

**Attachment(s):**

None

**Meeting History:**

Board of Directors Meeting, Grand Ave Well, September 4, 2019, Informational item

Board of Directors Meeting, Carports, September 06, 2017, Informational item

Board of Directors Meeting, Carports, January 15, 2020, Informational item

NA/ML